

*Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2011*



County of Goochland, Virginia

County of Goochland, Virginia

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County of Goochland, Virginia

June 30, 2011

Board of Supervisors

William E. Quarles, Jr., Chairperson
James W. Eads, Vice-Chairperson

Ned S. Creasey
Andrew W. Pryor

Malvern R. Butler

School Board

Ivan O. Mattox, Sr., Chairperson
James L. Haskell, Vice-Chairperson

Maxwell G. Cisne
Andrew A. Meng, III

Raymond A. Miller

Social Services Board

James E. Waldrop, Chairperson
Billie Reid, Vice-Chairperson

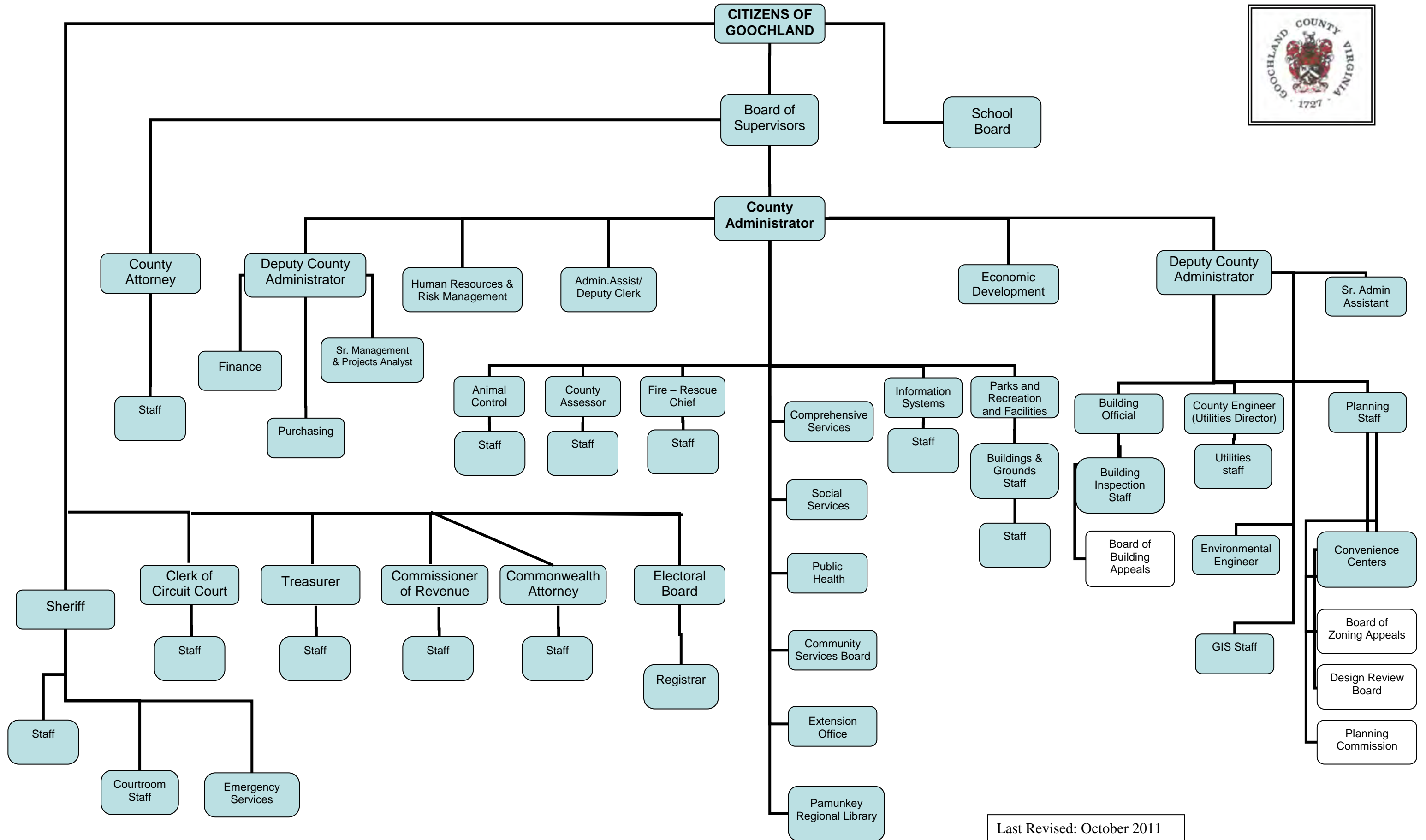
Rita Brighton
Carol Salmon

June Frick

Other Officials

County Administrator
County Attorney
Deputy County Administrator for Financial Services
Judge of the Circuit Court
Clerk of the Circuit Court
Judge of the General District Court
Commonwealth's Attorney
Judge of the Juvenile and Domestic Relations Court
Sheriff
Superintendent of Schools
Clerk of the School Board
Director of Social Services
Commissioner of the Revenue
Interim Treasurer

Rebecca T. Dickson
Norman Sales
John B. Wack
Timothy K. Sanner
Lee G. Turner
Edward K. Carpenter
Claiborne H. Stokes, Jr.
Edward Dej. Berry
James L. Agnew
Dr. Linda Underwood
Diane Bennett
Kimberly Jefferson
Jean S. Bryant
Pamela Johnson



Last Revised: October 2011



BOARD OF SUPERVISORS
COUNTY OF GOOCHLAND
OFFICE OF THE COUNTY ADMINISTRATOR

December 6, 2011

Members of the Board of Supervisors and
Citizens of Goochland County:

The Commonwealth of Virginia requires that local governments publish a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the County of Goochland (the County) as of and for the fiscal year ended June 30, 2011.

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

KPMG LLP, Certified Public Accountants have issued an unqualified opinion on the County's basic financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* (Single Audit) designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of basic financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A complements this letter of transmittal and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Organization of Government

The County was established in 1727 by an act of the Virginia General Assembly, and is organized under the County Administrator Form of Government (as defined under Virginia Law). Under this form of government, the Board of Supervisors appoints a County Administrator to serve as the Chief Administrative Officer of the County. The Administrator serves at the pleasure of the Board of Supervisors, implements its policies, appoints department heads, and directs business and administrative procedures. The County's financial management and reporting is addressed through a combination of services provided by the Department of Finance, Schools Administration, Treasurer's Office, and Commissioner of the Revenue.

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The Board of Supervisors is a five member body, elected by the voters of the Electoral Districts in which they live. The Chairman of the Board is elected annually by its members. Each member serves a four-year term. This body enacts ordinances, appropriates funds, sets tax rates, and establishes policies for the administration of the County's public service.

The Reporting Entity

The accompanying basic financial statements comply with GAAP as promulgated by the Governmental Accounting Standards Board (the GASB), in that the basic financial statements include all the organizations, activities, functions, and component units for which the County (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the County's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the County.

Based on the foregoing, the reporting entity of the County includes the following services as authorized by its Code of Ordinances: public safety (as provided by the Sheriff's Office), fire prevention and protection, emergency medical services, parks and recreation, planning, zoning, and other governmental services. In addition, the County owns and operates water distribution and wastewater collection systems, which are reported as enterprise funds.

Discretely presented component units are reported in separate columns in the basic financial statements to emphasize that they are legally separate from the County Primary Government and to differentiate their financial position, results of operations and cash flows from those of the Primary Government. The School Board and Economic Development Authority are reported as discretely presented component units.

Economic Condition and Outlook

Goochland County is in the eastern Piedmont region of Central Virginia between Richmond and Charlottesville. The County is 290 square miles in land area and has an estimated population of 21,849. There are no independent cities or incorporated towns within the County.

The County has seven business/office/industrial parks: Goochland Industrial Park, Oilville Business Park, Old Dominion Industrial Complex, Lanier Industrial Park, Rockville Commerce Center, MidPoint Industrial Park and West Creek Corporate Center. Goochland Industrial Park, Oilville Business Park and Midpoint Industrial Park were publicly owned and developed; all other parks are privately owned.

West Creek Corporate Center is the largest development and encompasses over 3,500 acres in the eastern portion of the County. Capital One has seven office buildings, one office building under construction, as well as a multipurpose building under construction, on their 316 acre campus. Capital One has a cafeteria and a town center which houses a fitness center and other amenities and is our largest employer. Other tenants in West Creek include the corporate headquarters of the Virginia Farm Bureau, the corporate headquarters of Performance Food Group, the corporate headquarters of CarMax and a major satellite office facility for the Federal Reserve Bank of Richmond, Hallmark Youth Care and Manakin Trade Center, a multitenant 80,000 square foot office complex as well as a 12,000 square foot hospital emergency center under construction.

State Route 288, the Richmond's area's western bypass is a four lane limited access road (interstate quality). Along with I-64, these are the "economic development highways" for the County.

The County has defined, developed, and adopted a Special Service District ordinance (Tuckahoe Creek Service District) which is providing additional water and sewer capacity and services to a 13 square mile (8,500 acre) area in the eastern portion of the County. The County borrowed approximately \$62.7 million

from the Virginia Resources Authority to buy additional water capacity from Henrico County (as supported by an intergovernmental agreement) and to construct water mains and sewer trunk lines in the District, and has a separate wastewater agreement with the City of Richmond for that capacity.

The water and sewer system serving Goochland Courthouse is serving the western campus of J. Sergeant Reynolds Community College, the County's high school (which opened in 2001) and a shopping center (approximately 50,000 square feet) which opened in the fall of 2004. In 2007, the two outparcels were sold and are now home to a Hardees and a branch of the Bank of Goochland.

Despite the economic downturn in recent years, Goochland is growing in a purposeful and organized manner. The County plans to pursue focused strategies and programs to promote quality development. Quality, well planned development that fits with the County's Comprehensive Plan and does not burden the infrastructure is the paramount consideration in the County's economic development strategy.

Major Initiatives

The County made progress in several areas for the year ending June 30, 2011.

One of the most important initiatives this past year was the completion of the County's Economic Development Strategic Plan. This Plan was approved by the Board of Supervisors in October 2011, and will be implemented during the upcoming months and years. The Plan's objectives included:

1. Evaluating the assets of the Tuckahoe Creek Service District (including the West Creek Area, Centerville Area, and Northeast Corner of the County) and determining the best course of action to stimulate further investment in the area by additional companies and organizations.
2. Identifying other sections of the County that are likely candidates for economic development and defining a plan to implement investment in those locations (e.g. I-64 corridor, Courthouse Village).
3. Evaluating the roles of economic development and determining the skills that should be considered when hiring an economic development director for the County (hiring expected in Spring 2012).
4. Assessing the existing tourism venues/activities and recommending further actions to enhance tourism in the County.

Significant renovations were made to Randolph Elementary and Byrd Elementary schools, focusing on modernized multipurpose rooms. Work on these projects was completed during the past fiscal year.

In response to a Federal Communications Commission (FCC) mandate, the County has begun the process of replacing its Public Safety radio system. Working with its communications consultant, the County has reviewed all of its radio communications needs and established a system design, including public safety agencies, schools and County departments. The project will replace vehicle and handheld radios as well as the base transmitting and receiving equipment. The new system will be operational in 2013/2014.

The County was a participant in a grant-funded communications project that will connect Emergency Operations Centers in the region with a voice and video conferencing system. The system will allow localities to communicate more effectively during emergencies. The system was recently completed, and includes the establishment of a tower at Fire and Rescue Company 5.

A Parks and Recreation Master Plan was presented to the Goochland Board of Supervisors in February 2010, and then adopted in April 2011. This Master Plan is intended to guide and assist with parks and recreation decision making for the next five years, and identifies facilities and amenities that would be developed to meet the leisure and recreational needs of the County's citizens.

A \$250,000 donation was received during the past year from the Community Foundation in order to develop Leake's Mill Park. Development planned for this site includes the establishment of soccer/multipurpose and other athletic fields, as well as passive areas including trails, bridge crossings, and observation decks. In addition to the \$250,000 from the Community Foundation, the County also received revenue sharing funds from the Virginia Department of Transportation (VDOT) in the amount of \$250,000 to construct the road entrance to the park. Local funding is being provided to support this project beginning in FY2012.

Progress was made towards the first phase of development of the West Creek Medical Center in Goochland County. HCA Virginia announced in August 2010 that a freestanding emergency room (ER) would be built to enhance the region's health care delivery system. The new ER will be opened in April 2012.

In June 2010, a Performance Agreement was approved between the County, the Goochland Economic Development Authority, and PT Land Co. LLC for the extension of water and sewer lines to a project on Pouncey Tract Road. This project will expand the County's tax base (within the Tuckahoe Creek Service District) through the planned development of a convenience store with an outside patio, fuel islands, and a car wash. This project was completed in November 2011.

Also during the past year, the County initiated the extension of a sewer line along Hockett Road to Route 250. This extension will enable additional businesses to expand/locate in the County.

The County and its Public Utilities staff continued to review long range rate-setting plans that would support existing infrastructure commitments, as well as potential expansion of the customer and tax base in future years through strategic development. The County is actively pursuing private development along with potential public financial incentives.

Financial Information

County management is responsible for developing and maintaining a financial system to ensure that adequate internal accounting controls are established. This provides reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and to ensure the reliability of financial records necessary for the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

The audit for the fiscal year ended June 30, 2011 has been completed, and the County received an unqualified opinion.

However, during the course of the past year, the former elected Treasurer was convicted of embezzling \$180,470.48 in County funds. The County Administration was successful in recovering the embezzled funds through a bond claim with the Commonwealth of Virginia, receiving payment in the amount of \$180,470.48 in September 2011. Material weaknesses in internal control related to financial reporting were identified, which are noted in the schedule of findings and questioned costs in the Compliance Section of this report.

The County adopts an annual budget by July 1 of each year as required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported

at the function level. The budget is implemented through appropriations that the Board of Supervisors makes annually, with supplemental appropriations made as required. These appropriations may be greater or less than contemplated in the budget. A supplemental appropriation that exceeds \$500,000 or 1% of the budget, whichever is less, requires a public hearing before approval.

The County maintains budgetary controls to ensure compliance with the annual budget. Control is maintained at the sub function level through the monitoring of payrolls and with the encumbrance of purchase orders. The payroll system requires that every position and related fringe benefits are to be authorized by the Board of Supervisors and approved by the County Administrator. Purchase orders which would result in the overrun of function level appropriations are not approved until the Board makes an additional appropriation. All appropriations lapse at year-end.

Similar budgetary controls exist for the Component Unit School Board.

Retirement Plan

A substantial number of County employees participate in the Virginia Retirement System (VRS). The VRS is an agent, multiple employer public employee retirement system that acts as a common investment and administrative agent for the political subdivisions in the Commonwealth of Virginia. The VRS determines the contribution rate for localities every two years.

Regional Cooperative Efforts

The County is a member of the Central Virginia Waste Management Authority (the Authority) that handles all of the County's solid waste needs. The Authority is composed of 13 local jurisdictions in the Richmond/ Tri-Cities area. The County is a member of the Pamunkey Regional Library along with the Counties of Hanover, King William, and King & Queen. The Goochland-Powhatan Community Services Board is also a regional effort in providing a mental health, mental retardation, and substance abuse services. Goochland participates in the Henrico Regional Jail, as needed, for adult offenders. The James River Juvenile Detention Commission was created by Goochland, Henrico, and Powhatan Counties for the housing of the County's juvenile offenders.

Cash Management

The County's Treasurer is responsible for investing County and School Board funds. The County's and School Board's cash reserves were invested with Wachovia/Wells Fargo, US Bank, the Virginia State Non-Arbitrage Fund, and the Local Government Investment Pool as of June 30, 2011.

Independent Audit

Section 15.2-2511, Code of Virginia of 1950, as amended requires an annual audit of the books, financial records, and transactions of all departments and agencies of the County by an independent auditor. The Board of Supervisors engaged the firm of KPMG LLP, to complete this audit. This requirement has been complied with and the auditors' report is an integral part of this report.

Acknowledgments

We could not accomplish the preparation of this report without the efficient and dedicated service provided by the staffs of the Finance Department, Treasurer, Commissioner of Revenue, School Administration, and the Social Services Department. I would like to express my appreciation to all the members of the staff who assisted and contributed to its preparation. I would also like to thank the members of the Board of Supervisors for their continued interest and support in planning and conducting the financial operations of this County in a responsible, timely and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Rebecca T. Dickson". The signature is written in black ink and is positioned above the printed name.

Rebecca T. Dickson, County Administrator



KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditors' Report

The Honorable Members
Board of Supervisors
County of Goochland, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Goochland, Virginia (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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* (Specifications) issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Goochland, Virginia as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2011 on our consideration of the County'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 on pages 3 through 9, the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and related notes on pages 49 and 50, and the Schedules of Pension and Other Postemployment Benefits Funding Progress on page 51 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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's basic financial statements. The accompanying supplementary information listed as the Introductory Section, Other Supplementary Information, and the Statistical Section in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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.

KPMG LLP

December 6, 2011

County of Goochland, Virginia

Management's Discussion and Analysis

June 30, 2011

As management of the *County of Goochland, Virginia* (the County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

Financial Highlights

Government-Wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$52,692,728 (net assets). Of this amount, \$25,047,847 represents unrestricted net assets which may be used to meet the County's ongoing obligations and provide adequate cash flow. These figures include the Governmental activities and Business-type activities (water and sewer funds) of the County. Net assets are calculated using the economic resources measurement focus and accrual basis of accounting, similar to private businesses. The economic resources measurement focus and accrual basis of accounting includes balances and transactions involving capital assets, and long-term debt, and recognizes revenues and expenses when earned.
- Net assets decreased for the fiscal year by \$4,347,964. Net assets of the governmental activities decreased by \$1,896,721 while net assets of the business-type activities decreased by \$2,451,243.
- Combined (Governmental & Business-type activities) long-term obligations totaled \$127,815,421, representing a decrease of \$1,997,058 during the current fiscal year.

Fund Financial Statements

- The Governmental funds, on a current financial resources measurement focus and modified accrual basis accounting, reported revenues and other financing sources in excess of expenditures and other financing uses of \$2,442,969 (Exhibit 5) after making contributions totaling \$16,382,429 to the School Board.
- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$25,325,439, an increase of \$2,442,969 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,676,774, and was 40% of total General Fund expenditures and other uses. At the end of current fiscal year, the County reported non-unassigned fund balances of \$7,495,847 for various General Fund projects and uses during FY2011. Total fund balance represented 59% of General Fund expenditures and other uses.

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 financial statements.

This report also contains required and 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 the net assets at year end and 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 Business-type activities of the County provide water and wastewater service to customers.

The Government-wide financial statements include not only the County itself (known as the Primary Government), but also a legally separate school district and an economic development authority for which the County is financially accountable and reported as component units. Financial information for the component units 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, like other local governments, used fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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 using the economic resources measurement focus and accrual basis of accounting, the governmental fund financial statements are prepared using the current financial resources and modified accrual basis of accounting. The focus of the current financial resources and 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, reconciliations between the two methods is provided within the basic financial statements. The County has two major governmental funds - the General Fund and the County Capital Projects Fund.

Proprietary Funds

Proprietary funds consist of enterprise funds, which are established to account for the delivery of goods and the general public and use the economic resources measurement focus and accrual basis of similar to private sector business.

The James River Sanitary District (JRSD) Fund, the Utility Fund and the Tuckahoe Creek Service District (TCSD) Fund provide a centralized source for water/sewer services to County residents.

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 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 statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules and combining financial statements for two discretely presented component units – the Goochland County School Board and the Goochland County Economic Development Authority.

Government-Wide Financial Analysis

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 \$52,692,728 at the close of the most recent fiscal year. The following table summarized the County's Statement of Net Assets:

<i>County of Goochland, Virginia's Net Assets</i>						
	Governmental activities		Business-type activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 38,168,459	\$ 36,343,392	\$ 12,797,511	\$ 12,733,902	\$ 50,965,970	\$ 49,077,294
Capital assets	42,552,659	49,148,725	103,835,595	105,085,230	146,388,254	154,233,955
Total assets	<u>\$ 80,721,118</u>	<u>\$ 85,492,117</u>	<u>116,633,106</u>	<u>\$ 117,819,132</u>	<u>\$ 197,354,224</u>	<u>\$ 203,311,249</u>
Current liabilities	\$ 14,196,048	\$ 14,194,977	\$ 2,650,027	\$ 2,263,101	\$ 16,846,075	\$ 16,458,078
Long-term liabilities outstanding	25,647,162	28,522,511	102,168,259	101,289,968	127,815,421	129,812,479
Total liabilities	<u>\$ 39,843,210</u>	<u>\$ 42,717,488</u>	<u>104,818,286</u>	<u>103,553,069</u>	<u>144,661,496</u>	<u>146,270,557</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 19,953,566	\$ 23,380,680	\$ 7,691,315	\$ 9,808,497	\$ 27,644,881	\$ 33,189,177
Unrestricted	20,924,342	19,393,949	4,123,505	4,457,566	25,047,847	23,851,515
Total net assets	<u>\$ 40,877,908</u>	<u>\$ 42,774,629</u>	<u>\$ 11,814,820</u>	<u>\$ 14,266,063</u>	<u>\$ 52,692,728</u>	<u>\$ 57,040,692</u>

Net assets invested in capital assets, net of related debt include land, buildings and improvements, machinery and equipment and other capital assets net of the related debt currently outstanding, which was used to acquire or construct these assets. The County uses this component of net assets to provide services to citizens, and therefore these assets are not available for future spending.

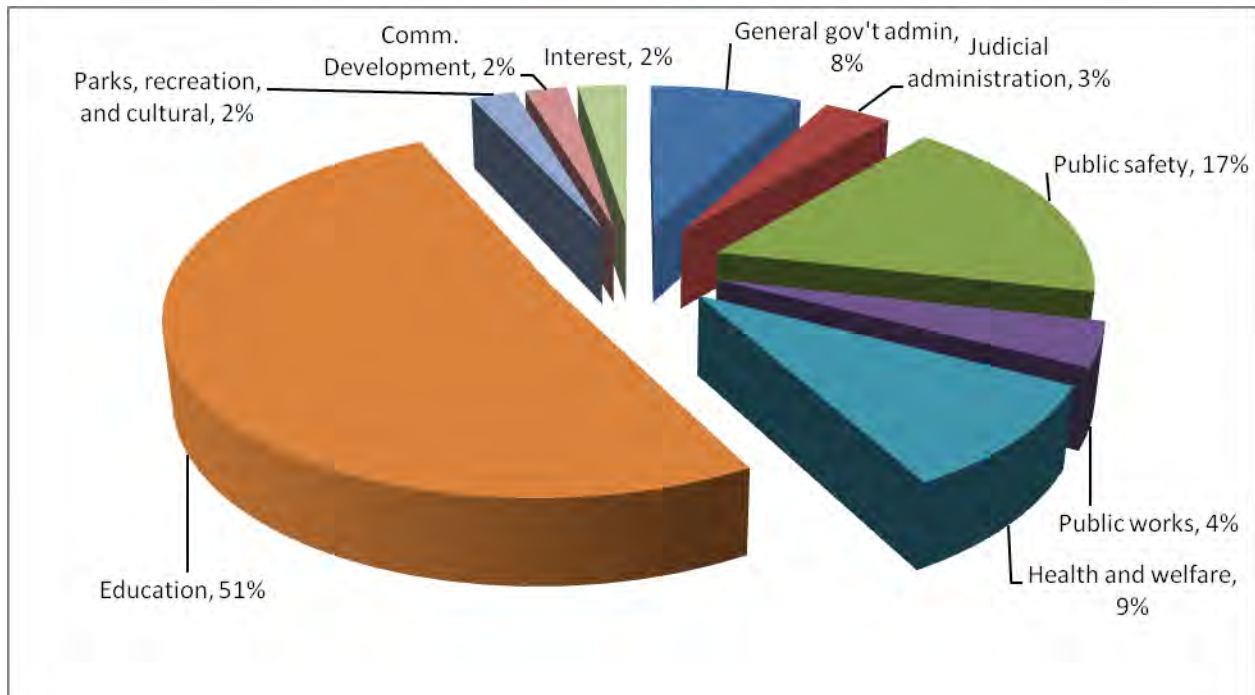
The County's net assets decreased by \$4,347,964 during the current fiscal year. The following table summarizes the County's Statement of Activities.

County of Goochland, Virginia's Changes in Net Assets

	Governmental activities		Business-type activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 711,924	\$ 509,785	\$ 3,350,912	\$ 3,205,803	\$ 4,062,836	\$ 3,715,588
Operating grants and contributions	3,828,860	3,746,337	-	-	3,828,860	3,746,337
Capital grants and contributions	27,181	155,624	351,790	319,998	378,971	475,622
General revenues:						
General property taxes	28,577,269	30,839,772	3,051,136	2,994,394	31,628,405	33,834,166
Other local taxes	4,800,844	4,863,393	-	-	4,800,844	4,863,393
Grants and other contributions not restricted	2,955,534	2,992,216	-	-	2,955,534	2,992,216
Other general revenues	1,054,647	636,131	376,134	376,706	1,430,781	1,012,837
Total revenues	41,956,259	43,743,258	7,129,972	6,896,901	49,086,231	50,640,159
Expenses:						
General government administration						
	3,364,513	3,788,584	-	-	3,364,513	3,788,584
Judicial administration						
	1,513,768	1,568,521	-	-	1,513,768	1,568,521
Public safety						
	7,513,474	7,211,154	-	-	7,513,474	7,211,154
Public works						
	1,732,979	1,928,762	-	-	1,732,979	1,928,762
Health and welfare						
	4,112,538	3,997,944	-	-	4,112,538	3,997,944
Education						
	22,136,778	20,890,262	-	-	22,136,778	20,890,262
Parks, recreation, and cultural						
	991,726	959,783	-	-	991,726	959,783
Community development						
	924,947	1,163,011	-	-	924,947	1,163,011
Interest and other fiscal charges						
	1,078,901	1,015,677	-	-	1,078,901	1,015,677
Utilities						
	-	-	10,064,571	10,168,993	10,064,571	10,168,993
Total expenses	43,369,624	42,523,698	10,064,571	10,168,993	53,434,195	52,692,691
Change in net assets before transfers						
	(1,413,365)	1,219,560	(2,934,599)	(3,272,092)	(4,347,964)	(2,052,532)
Transfers						
	(483,356)	(468,154)	483,356	468,154	-	-
Change in net assets						
	(1,896,721)	751,406	(2,451,243)	(2,803,938)	(4,347,964)	(2,052,532)
Beginning of year						
	42,774,629	42,023,223	14,266,063	17,070,001	57,040,692	59,093,224
Total net assets	\$ 40,877,908	\$ 42,774,629	\$ 11,814,820	\$ 14,266,063	\$ 52,692,728	\$ 57,040,692

Governmental Activities Expenses

Fiscal Year 2010-2011



Generally, net asset changes result from differences between revenues and expenses. The following are key elements of the decrease in net assets:

- Decrease in net assets for Governmental activities of \$1,896,721 was the result of capitalization of capital expenditures in excess of current year depreciation and transfer of joint tenancy assets. In full-accrual accounting, purchases of capital assets are capitalized and depreciated over an estimated useful life.
- Decreases in net assets for business-type activities of \$2,451,243 resulted primarily from an operating loss in the TCSD of (\$2,179,002). Interest expense for TCSD of \$4,044,458 exceeded taxes, connection fees, and other miscellaneous revenue sources to cover that expense by \$2,228,803.

Financial Analysis of the County's Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of 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 \$25,325,439, an increase of \$2,442,969 during the current year. The increase was primarily due to revenue collections received above the budgeted amounts and the local transfer of funds to the School Operating Fund being below the budgeted expenditure amount.

Approximately 70% of this total fund balance amount constitutes unassigned fund balance, which is available for spending at the County's discretion. For FY2011, the County reports nonspendable, restricted, committed, and assigned fund balances of \$7,495,847 in the General Fund for various projects and uses.

The County Capital Projects Fund accounts for all major general public improvements, excluding capital projects related to Business-type activities, which are accounted for as part of those funds. At the end of the fiscal year, the fund balance in the Capital Projects Fund was \$1,953,419.

Proprietary Funds

The County's proprietary funds provide the same type of information found for those funds in the government-wide financial statements, but in more detail. Unrestricted net assets at the end of the year for the three business-type entities were \$4,123,505. Unrestricted net assets at the end of the prior year were \$4,457,566, for a decrease in unrestricted net assets during the year of \$334,061. Total net assets decreased for the year by \$2,451,243, largely due to depreciation expense and the accreted interest on capital appreciation bonds of the TCSD.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for expenditures were \$1,999,962 and can be briefly summarized as follows:

- \$138,500 increase in education expenditures
- \$363,330 increase in general government administrative expenditures
- \$915,976 increase in public safety expenditures
- \$38,850 increase in Community Development expenditures
- \$56,725 increase in judicial administration expenditures
- \$609,712 increase in health and welfare expenditures
- \$24,869 increase in parks, recreation, and cultural expenditures
- \$148,000 decrease in debt service expenditures

The increase in budgeted General Fund expenditures resulted in an increase in the budgeted use of beginning General Fund balance. During the year, revenues and other sources/uses exceeded amended budgetary estimates by \$1,259,387. Expenditures were less than budgetary estimates by \$2,691,398, thus reducing the planned draw upon budgeted fund balance. Actual revenues exceeded expenditures by \$3,950,785; however, transfers to and from other governmental and proprietary funds netted to (\$1,154,793), resulting in a net addition to fund balance of \$2,795,992 for the year.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental operations as of June 30, 2011 amounted to \$42,552,659 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and machinery and equipment. Capital assets of the Business-type activities at June 30, 2011 were \$103,835,595 (net of accumulated depreciation).

Additional information on the County's capital assets can be found in note 6 of the Notes to the Financial Statements.

Long-term Debt

At the end of the current fiscal year, the County had long-term obligations (Governmental and Business-type activities) of \$127,815,421. Of this amount, \$20,460,000 is comprised of 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, capital leases, compensated absences, capacity rights and landfill obligations.

The County's total long-term obligations decreased by \$1,997,058 during the current fiscal year.

Additional information on the County of Goochland, Virginia's long-term debt can be found in note 8 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- The July 2011 unemployment rate for the County of 5.5% compared favorably to the state's average unemployment rate of 6.2% and national average rate of 9.3% for the same period.
- The fiscal year 2012 budget decreased by approximately 3.9% for all funds (including the component units), and 0.3% for the General Fund. The general real estate tax rate remained the same at \$0.53 per \$100 of assessed valuation.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the 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, 1800 Sandy Hook Rd., Goochland, Virginia 23063.

County of Goochland, Virginia

Basic Financial Statements

Year Ended June 30, 2011

County of Goochland, Virginia
Government-Wide Financial Statements

Statement of Net Assets

June 30, 2011

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	EDA
	Activities	Activities			
Assets					
Cash and cash equivalents	\$ 21,660,069	\$ 5,098,338	\$ 26,758,407	\$ 1,465,419	\$ 580,558
Receivables (net of allowance for uncollectibles):					
Taxes receivable, including penalties	12,454,800	1,627,187	14,081,987	-	-
Accounts receivable	290,391	1,242,360	1,532,751	-	-
Notes receivable	261,046	-	261,046	-	-
Internal balances	2,356,935	(2,356,935)	-	-	-
Due from Primary Government	-	-	-	-	2,870,604
Due from other governmental units	1,145,218	236,873	1,382,091	1,064,712	-
Inventories	-	-	-	31,819	-
Restricted assets:					
Investments	-	6,000,000	6,000,000	235,659	-
Other assets:					
Unamortized bond issue costs	-	949,688	949,688	-	-
Land held for resale	-	-	-	-	801,100
Capital assets (net of accumulated depreciation):					
Land and land improvements	3,060,853	2,874,584	5,935,437	459,907	-
Buildings and system	32,016,043	64,149,058	96,165,101	20,310,340	-
Capacity rights	-	33,607,661	33,607,661	-	-
Machinery and equipment	6,939,049	7,003	6,946,052	1,599,841	-
Construction in progress	536,714	3,197,289	3,734,003	-	-
	<u>\$ 80,721,118</u>	<u>\$ 116,633,106</u>	<u>\$ 197,354,224</u>	<u>\$ 25,167,697</u>	<u>\$ 4,252,262</u>
Liabilities					
Accounts payable	\$ 340,569	\$ 607,342	\$ 947,911	\$ 169,616	\$ -
Accrued liabilities	34,094	252	34,346	2,200,550	-
Customers' deposits	-	22,596	22,596	-	-
Accrued interest payable	482,843	339,367	822,210	-	-
Due to component unit	2,870,604	-	2,870,604	-	-
Due to other governmental units	-	135,319	135,319	-	-
Unearned revenues	10,467,938	1,545,151	12,013,089	-	-
Long-term obligations:					
Due within one year	2,938,407	1,544,065	4,482,472	202,592	177,000
Due in more than one year	22,708,755	100,624,194	123,332,949	1,067,242	2,693,604
Total liabilities	<u>39,843,210</u>	<u>104,818,286</u>	<u>144,661,496</u>	<u>3,640,000</u>	<u>2,870,604</u>
Net assets					
Invested in capital assets, net of related debt	19,953,566	7,691,315	27,644,881	22,264,684	-
Restricted	-	-	-	235,659	-
Unrestricted (deficit)	<u>20,924,342</u>	<u>4,123,505</u>	<u>25,047,847</u>	<u>(972,646)</u>	<u>1,381,658</u>
Total net assets	<u>40,877,908</u>	<u>11,814,820</u>	<u>52,692,728</u>	<u>21,527,697</u>	<u>1,381,658</u>
	<u>\$ 80,721,118</u>	<u>\$ 116,633,106</u>	<u>\$ 197,354,224</u>	<u>\$ 25,167,697</u>	<u>\$ 4,252,262</u>

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia
Statement of Activities

Exhibit 2

Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	School Board	EDA
Primary Government									
Governmental activities:									
General government administration	\$ 3,364,513	\$ -	\$ 233,937	\$ -	\$ (3,130,576)		\$ (3,130,576)		
Judicial administration	1,513,768	13,130	515,657	-	(984,981)		(984,981)		
Public safety	7,513,474	163,368	1,219,318	-	(6,130,788)		(6,130,788)		
Public works	1,732,979	34,529	6,500	-	(1,691,950)		(1,691,950)		
Health and welfare	4,112,538	59,859	1,849,192	-	(2,203,487)		(2,203,487)		
Education	22,136,778	354,115	-	-	(21,782,663)		(21,782,663)		
Parks, recreation, and cultural	991,726	86,923	4,256	-	(900,547)		(900,547)		
Community development	924,947	-	-	27,181	(897,766)		(897,766)		
Interest on long-term debt	1,078,901	-	-	-	(1,078,901)		(1,078,901)		
Total governmental activities	43,369,624	711,924	3,828,860	27,181	(38,801,659)		(38,801,659)		
Business-type activities									
James River Sanitary District	\$ 35,250	\$ 6,388	\$ -	\$ -		\$ (28,862)	\$ (28,862)		
Utilities	1,510,258	747,033	-	35,298		(727,927)	(727,927)		
Tuckahoe Creek Sanitary District	8,519,063	2,597,491	-	316,492		(5,605,080)	(5,605,080)		
Total business-type activities	10,064,571	3,350,912	-	351,790		(6,361,869)	(6,361,869)		
Total Primary Government	\$ 53,434,195	\$ 4,062,836	\$ 3,828,860	\$ 378,971		\$ (45,163,528)			
Component unit									
School Board	\$ 26,307,557	\$ 575,041	4,629,842	\$ -			\$ (21,102,674)	\$ -	
Economic Development Authority	11,896	20,406	-	-			-	8,510	
Total component units	\$ 26,319,453	\$ 595,447	\$ 4,629,842	\$ -			\$ (21,102,674)	\$ 8,510	
General revenues									
General property taxes					\$ 28,577,269	\$ 3,051,136	\$ 31,628,405	\$ -	\$ -
Other local taxes:									
Local sales and use taxes					1,866,228	-	1,866,228	2,554,933	-
Other local taxes					2,934,616	-	2,934,616	-	-
Fines and forfeitures					170,670	-	170,670	-	-
Unrestricted revenues from use of money and property					161,386	358,005	519,391	54,957	4,864
Miscellaneous					722,591	18,129	740,720	12,369	-
Payments from Primary Government					-	-	-	22,863,851	-
Grants and contributions not restricted to specific programs					2,955,534	-	2,955,534	-	-
Transfers					(483,356)	483,356	-	-	-
Total general revenues and transfers					36,904,938	3,910,626	40,815,564	25,486,110	4,864
Change in net assets					(1,896,721)	(2,451,243)	(4,347,964)	4,383,436	13,374
Net assets - beginning of year					42,774,629	14,266,063	57,040,692	17,144,261	1,368,284
Net assets - end of year					\$ 40,877,908	\$ 11,814,820	\$ 52,692,728	\$ 21,527,697	\$ 1,381,658

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia

Fund Financial Statements

Balance Sheet - Governmental Funds**June 30, 2011**

Assets	General	Capital Projects	Other Non-major Governmental	Total
Cash and cash equivalents	\$ 19,452,432	\$ 2,110,796	\$ 96,841	\$ 21,660,069
Receivables (net of allowances for uncollectibles):				
Taxes receivable, including penalties	12,454,800	-	-	12,454,800
Accounts receivable	109,921	-	-	109,921
Notes receivable	261,046	-	-	261,046
Due from other fund	3,077,790	-	-	3,077,790
Due from other governmental units	1,010,040	-	109,659	1,119,699
Total assets	\$ 36,366,029	\$ 2,110,796	\$ 206,500	\$ 38,683,325
Liabilities				
Accounts payable	\$ 185,391	\$ 148,077	\$ 7,101	\$ 340,569
Accrued liabilities	24,794	9,300	-	34,094
Due to other fund	720,855	-	-	720,855
Deferred revenues	12,262,368	-	-	12,262,368
Total liabilities	13,193,408	157,377	7,101	13,357,886
Fund Balances				
Nonspendable	3,338,836	-	-	3,338,836
Restricted	114,244	-	129,822	244,066
Committed	2,693,315	-	-	2,693,315
Assigned	1,349,452	1,953,419	69,577	3,372,448
Unassigned	15,676,774	-	-	15,676,774
Total fund balances	23,172,621	1,953,419	199,399	25,325,439
Total liabilities and fund balances	\$ 36,366,029	\$ 2,110,796	\$ 206,500	\$ 38,683,325

The accompanying notes are an integral part of these financial statements.

Reconciliation of Governmental Funds' Balance Sheet to the Statement of Net Assets

 June 30, 2011

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	<u>\$ 25,325,439</u>
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	61,037,503
Less - accumulated depreciation	<u>(18,484,844)</u>
	<u>42,552,659</u>
Other long-term assets (i.e. taxes levied, long-term receivables) are not available to pay for current period expenditures and, therefore, are deferred in the funds	<u>2,000,419</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital leases	(1,846,977)
General obligation bonds	(20,752,115)
Net other postemployment benefits	(371,593)
Compensated absences	(731,549)
Landfill postclosure care	(1,944,928)
Due to component unit	(2,870,604)
Accrued interest payable	<u>(482,843)</u>
	<u>(29,000,609)</u>
Net assets of governmental activities	<u>\$ 40,877,908</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2011

	General	Capital Projects	Other Non-major Governmental	Total Government Funds
Revenues				
General property taxes	\$ 29,635,464	\$ -	\$ -	\$ 29,635,464
Other local taxes	4,800,844	-	-	4,800,844
Permits, privilege fees and regulatory licenses	356,225	-	-	356,225
Fines and forfeitures	170,670	-	-	170,670
Revenue from use of money and property	160,158	1,075	154	161,387
Charges for services	295,840	-	59,859	355,699
Miscellaneous	152,849	389,272	-	542,121
Recovered costs	134,372	-	-	134,372
Intergovernmental revenues:				
Commonwealth	5,230,480	27,181	559,370	5,817,031
Federal	994,544	-	-	994,544
Total revenues	41,931,446	417,528	619,383	42,968,357
Expenditures				
Current:				
General government administration	3,188,558	-	-	3,188,558
Judicial administration	1,400,109	-	-	1,400,109
Public safety	6,347,961	-	164	6,348,125
Public works	1,675,599	-	-	1,675,599
Health and welfare	2,947,363	-	1,180,681	4,128,044
Education	16,382,429	-	-	16,382,429
Parks, recreation, and cultural	938,631	-	-	938,631
Community development	906,998	-	-	906,998
Capital outlays and projects	-	592,450	-	592,450
Debt service:				
Principal retirement	3,326,315	-	-	3,326,315
Interest and other fiscal charges	1,154,774	-	-	1,154,774
Total expenditures	38,268,737	592,450	1,180,845	40,042,032
Excess (deficiency) of revenues over (under) expenditures	3,662,709	(174,922)	(561,462)	2,926,325
Other financing sources (uses)				
Transfers in	4,018,599	785,000	594,647	5,398,246
Transfers out	(4,885,314)	(996,288)	-	(5,881,602)
Total other financing sources (uses), net	(866,715)	(211,288)	594,647	(483,356)
Net change in fund balances	2,795,994	(386,210)	33,185	2,442,969
Fund balances - beginning of year	20,376,627	2,339,629	166,214	22,882,470
Fund balances - end of year	\$ 23,172,621	\$ 1,953,419	\$ 199,399	\$ 25,325,439

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities

Year Ended June 30, 2011

Net change in fund balances - total governmental funds	<u>\$ 2,442,969</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Governmental funds report capital outlays as expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment as follows:	
Capital outlay	925,977
Capital disposals	(10,881)
Depreciation	(2,472,550)
Allocation of joint tenancy assets, net, to the School Board Component Unit	(5,038,613)
	<u>(6,596,067)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(852,205)</u>
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
Principal retired on general obligation long-term debt and capital lease obligations	<u>3,149,478</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Decrease in landfill postclosure liability	30,951
Increase in compensated absences	(177,163)
Increase in net OPEB obligations	(147,392)
Decrease in accrued interest payable	56,545
Decrease in due to component unit	176,688
Amortization of bond premium	19,475
	<u>(40,896)</u>
Change in net assets of governmental activities	<u>\$ (1,896,721)</u>

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia
Statement of Net Assets - Proprietary Funds

Exhibit 7

June 30, 2011

Assets	Utilities	James River Sanitary District	Tuckahoe Creek Sanitary District	Total
Current assets				
Cash and cash equivalents	\$ 1,588,711	\$ 7,857	\$ 3,501,770	\$ 5,098,338
Accounts receivable	127,279	1,698	1,113,383	1,242,360
Due from other fund	-	-	720,855	720,855
Due from other governmental units	-	-	236,873	236,873
Taxes receivable, including penalties, net	-	19,208	1,607,979	1,627,187
Total current assets	<u>1,715,990</u>	<u>28,763</u>	<u>7,180,860</u>	<u>8,925,613</u>
Noncurrent assets				
Restricted investments	-	-	6,000,000	6,000,000
Unamortized bond issue costs	-	-	949,688	949,688
Capital assets:				
Land and land improvements	-	-	2,874,584	2,874,584
Utility plant in service	11,776,735	366,236	61,245,654	73,388,625
Less accumulated depreciation	(2,733,345)	(80,572)	(6,425,650)	(9,239,567)
Capacity rights	3,295,196	-	34,689,920	37,985,116
Less accumulated depreciation	(307,465)	-	(4,069,990)	(4,377,455)
Machinery and equipment	59,977	-	36,369	96,346
Less accumulated depreciation	(59,977)	-	(29,366)	(89,343)
Construction in progress	8,085	-	3,189,204	3,197,289
Total capital assets - net	<u>12,039,206</u>	<u>285,664</u>	<u>91,510,725</u>	<u>103,835,595</u>
Total non-current assets	<u>12,039,206</u>	<u>285,664</u>	<u>98,460,413</u>	<u>110,785,283</u>
Total assets	<u>\$ 13,755,196</u>	<u>\$ 314,427</u>	<u>\$ 105,641,273</u>	<u>\$ 119,710,896</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 62,144	\$ 2,538	\$ 542,660	\$ 607,342
Customers' deposits	22,596	-	-	22,596
Accrued interest payable	58,265	3,484	277,618	339,367
Due to other fund	-	-	3,077,790	3,077,790
Due to other governmental units	-	-	135,319	135,319
Deferred revenues	-	13,300	1,501,449	1,514,749
Salaries payable	252	-	-	252
Prepaid taxes	-	-	30,402	30,402
Compensated absences	791	-	1,607	2,398
Bonds payable	186,674	9,993	945,000	1,141,667
Long-term amortization of capacity charges	-	-	400,000	400,000
Total current liabilities	<u>330,722</u>	<u>29,315</u>	<u>6,911,845</u>	<u>7,271,882</u>
Noncurrent liabilities				
Bonds payable - net of current portion	4,837,331	282,669	75,660,389	80,780,389
Long-term amortization of capacity charges - net of current portion	-	-	19,822,224	19,822,224
Compensated absences - net of current portion	7,118	-	14,463	21,581
Total noncurrent liabilities	<u>4,844,449</u>	<u>282,669</u>	<u>95,497,076</u>	<u>100,624,194</u>
Total liabilities	<u>5,175,171</u>	<u>311,984</u>	<u>102,408,921</u>	<u>107,896,076</u>
Net assets				
Invested in capital assets - net of related debt	7,015,201	(6,998)	683,112	7,691,315
Unrestricted	1,564,824	9,441	2,549,240	4,123,505
Total net assets	<u>8,580,025</u>	<u>2,443</u>	<u>3,232,352</u>	<u>11,814,820</u>
Total net assets	<u>\$ 13,755,196</u>	<u>\$ 314,427</u>	<u>\$ 105,641,273</u>	<u>\$ 119,710,896</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds

Year Ended June 30, 2011

	Utilities	James River Sanitary District	Tuckahoe Creek Sanitary District	Total
Operating revenues				
Charges for services:				
Charges for service	\$ 743,179	\$ 6,388	\$ 2,597,491	\$ 3,347,058
Penalty/reconnection fees	3,854	-	-	3,854
Miscellaneous	4,785	-	13,344	18,129
Total operating revenues	751,818	6,388	2,610,835	3,369,041
Operating expenses				
Operations and administration	930,648	11,931	2,326,163	3,268,742
Depreciation	325,059	7,325	2,148,442	2,480,826
Total operating expenses	1,255,707	19,256	4,474,605	5,749,568
Operating loss	(503,889)	(12,868)	(1,863,770)	(2,380,527)
Nonoperating revenues (expenses)				
Connection fees	35,298	-	316,492	351,790
Investment earnings	35	51	334,114	334,200
Property taxes	-	22,317	3,028,819	3,051,136
Lease revenue	23,805	-	-	23,805
Interest expense	(254,551)	(15,994)	(4,044,458)	(4,315,003)
Total nonoperating revenues (expenses), net	(195,413)	6,374	(365,033)	(554,072)
Loss before transfers	(699,302)	(6,494)	(2,228,803)	(2,934,599)
Other financing sources				
Transfers in	433,555	-	49,801	483,356
Change in net assets	(265,747)	(6,494)	(2,179,002)	(2,451,243)
Total net assets - beginning of year	8,845,772	8,937	5,411,354	14,266,063
Total net assets - end of year	\$ 8,580,025	\$ 2,443	\$ 3,232,352	\$ 11,814,820

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia
Statement of Cash Flows - Proprietary Funds

Exhibit 9

Year Ended June 30, 2011

	Enterprise Funds			
	Utilities	James River Sanitary District	Tuckahoe Creek Sanitary District	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 752,207	\$ 7,485	\$ 1,928,066	\$ 2,687,758
Payments to suppliers	(729,820)	(11,983)	(1,734,379)	(2,476,182)
Payments to employees	(198,878)	-	(269,200)	(468,078)
Net cash used in operating activities	(176,491)	(4,498)	(75,513)	(256,502)
Cash flows from noncapital financing activities				
Transfers from other funds	433,555	-	49,800	483,355
Lease revenue	23,805	-	-	23,805
Tax revenue	-	19,290	2,241,893	2,261,183
Net cash provided by noncapital financing activities	457,360	19,290	2,291,693	2,768,343
Cash flows from capital and related financing activities				
Principal payments on bonds	(193,694)	(11,306)	(700,000)	(905,000)
Additions to utility plant	(8,085)	-	(1,223,106)	(1,231,191)
Payments for capacity charges	-	-	(373,000)	(373,000)
Payment on amount due to General Fund	-	-	(515,560)	(515,560)
Connection fees	35,298	-	316,492	351,790
Interest payments and fiscal agent fees	(244,819)	(14,833)	(1,879,552)	(2,139,204)
Net cash used in capital and related financing activities	(411,300)	(26,139)	(4,374,726)	(4,812,165)
Cash flows from investing activities				
Interest and dividends received	35	51	334,114	334,200
Net change in cash and cash equivalents	(130,396)	(11,296)	(1,824,432)	(1,966,124)
Cash and cash equivalents - beginning of year	1,719,107	19,153	5,326,202	7,064,462
Cash and cash equivalents - end of year	\$ 1,588,711	\$ 7,857	\$ 3,501,770	\$ 5,098,338
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	\$ (503,889)	\$ (12,868)	\$ (1,863,770)	\$ (2,380,527)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	325,059	7,325	2,148,442	2,480,826
Changes in assets and liabilities:				
(Increase) decrease in net accounts receivable	(1,858)	1,097	(539,749)	(540,510)
(Increase) decrease in due from other governmental units	49	-	(143,022)	(142,973)
Increase in compensated absences	1,147	-	9,596	10,743
Increase in customer deposits	2,200	-	-	2,200
Decrease in salaries payable	(1,448)	-	-	(1,448)
Increase in due to other governmental units	-	-	111,874	111,874
Increase (decrease) in accounts payable	2,249	(52)	201,116	203,313
Total adjustments	327,398	8,370	1,788,257	2,124,025
Net cash used in operating activities	\$ (176,491)	\$ (4,498)	\$ (75,513)	\$ (256,502)

Note: Accreted interest on capital appreciation of bonds of \$2,132,214 represents non-cash transactions which resulted in an increase in outstanding debt during the year.

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia
Statement of Fiduciary Net Assets - Agency Funds

Exhibit 10

Year Ended June 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 288,030
Due from other governments	<u>1,213</u>
Total assets	<u>289,243</u>
Liabilities	
Accounts payable	136,000
Amounts held for social services clients	16,687
Performance bonds held for others	<u>136,556</u>
Total liabilities	<u>\$ 289,243</u>

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

The *County of Goochland, Virginia* is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County have been prepared in conformity with the U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (the GASB) and the specifications promulgated by the Auditor of public Accounts (APA) of the Commonwealth of Virginia. The County's more significant accounting policies are described herein.

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 the Primary Government'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 (the Primary Government) and its component units. Each discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the government.

Individual Component Unit Disclosures

Blended Component Unit — The County has no blended component units at June 30, 2011.

Discretely Presented Component Units

The Goochland County Public School Board (School Board) members are elected by the citizens of Goochland 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 as the County has the ability to approve its budget and any amendments and the primary funding source for the School System is the County General Fund. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component of the County financial statements as of and for the fiscal year ended June 30, 2011.

The Goochland County Economic Development Authority (EDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property, issue debt in its own name, and enter into lease/purchase arrangements with the County. The County appoints all six of the members of the EDA's Board of Directors. The County Administrator serves as the Secretary/Treasurer of the Goochland County Economic Development Authority. The County may significantly influence the fiscal transactions of the EDA. The financial statements of the EDA are presented as a discretely presented component of the County financial statements as of and for the fiscal year ended June 30, 2011.

Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The following entities are jointly governed organizations and are excluded from the accompanying basic financial statements:

- **Pamunkey Regional Library**

The Counties of King William, King and Queen, Hanover, and Goochland provide the financial support for the Library and appoint its governing board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints two (2) of the seven (7) members of the Board of Trustees. The County of Hanover provides over 50% of the Library's funding. The County has no equity interest in the Library and made operating contributions of \$390,807 to the Library in fiscal year 2011. Complete financial statements can be obtained from the office of the County Administrator of Goochland County.

- **Central Virginia Waste Authority**

The Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Municipalities of Colonial Heights, Hopewell, Petersburg, Richmond and the Town of Ashland provide financial support for the Authority and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints one or more members to the Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County has no equity interest in the Authority. Complete financial statements can be obtained from the office of the County Administrator of Goochland County.

- **Goochland-Powhatan Community Services Board (Board)**

The Counties of Goochland and Powhatan provide the financial support for the Board and appoint its governing board in which is vested 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. The County, which has no equity interest in the Board, made operating contributions of \$257,954 to the Board in fiscal year 2011. Complete financial statements can be obtained from the Goochland-Powhatan Community Services Board.

B. Financial Reporting Model

GAAP establishes accounting and financial reporting standards for external financial reporting by state and local governments. The County's Comprehensive Annual Financial Report includes Management's Discussion and Analysis (MD&A), the basic financial statements, and certain other supplementary information, described as follows:

Management's Discussion and Analysis

GAAP requires the basic 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."

Government-wide Financial Statements

The basic financial statements include government-wide (based on the County as a whole) financial statements, fund financial statements, including the major individual funds of the governmental funds (General and Capital Projects Funds) and proprietary funds (James River Sanitary District, Utilities, Tuckahoe Creek Sanitary District) and financial statements of the fiduciary funds. The government-wide financial statements categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the Governmental and Business-type activities columns (a) are presented on an aggregated basis by column and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The reporting model includes government-wide financial statements prepared using the economic resources measurement focus and full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and compensated absences). 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 County. The effect of interfund activity has been removed from these statements. Governmental activities are supported mainly by taxes, charges for services, and intergovernmental activities. Business-type activities are supported primarily from charges to customers for services provided.

Statement of Net Assets - The Statement of Net Assets is designed to display the financial position of the Primary Government (governmental and business-type activities) and its discretely presented component units. In addition to reporting current assets and liabilities, the Statement of Net Assets includes both noncurrent assets and noncurrent liabilities of the County (such as buildings and long-term liabilities for various employee benefits). The net assets of the County may be presented in three categories — (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted. The County generally first uses restricted resources for expenses incurred for which both restricted and unrestricted net assets are available.

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 County's functions (e.g., public safety, public works, health and welfare, etc.). The expense of individual functions is compared to the revenues generated directly by the function (e.g., through user charges or intergovernmental grants). Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes and intergovernmental aid not restricted to specific purposes, are presented as general revenues.

Fund Financial Statements

The Fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate statements for each of the County's three fund categories — Governmental (i.e., General, Capital Project and Special Revenue funds), Proprietary (i.e., utility funds) and Fiduciary are presented. GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of governmental and proprietary major funds, which are reported in separate columns. The non-major special revenue funds are combined in a single column in the respective fund financial statements and detailed in the combining statements.

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. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The governmental fund financial statements are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

For the proprietary funds, the financial statements consist of a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows. For the fiduciary funds, the financial statements consist of a Statement of Fiduciary Net Assets. The County applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued prior to or on November 30, 1989 in accounting and reporting for its governmental activities as well as business-type activities and enterprise funds. Under GAAP, the County elected not to apply FASB pronouncements issued after November 30, 1989.

Reconciliation of Government-wide and Fund Financial Statements - Since the governmental funds' financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds' Balance Sheet and total governmental activities net assets as shown

on the government-wide Statement of Net Assets is presented in Exhibit 4. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances and the change in net assets of governmental activities as shown on the government-wide Statement of Activities is presented in Exhibit 6.

C. Measurement Focus and Basis of Accounting

Financial Statement Presentation

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. The following is a brief description of the funds reported by the County in each of its fund types in the financial statements

- *Governmental Funds* are those through which most governmental functions typically are financed.
 - 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 revenue is used principally to finance the operations of the School Board, a component unit. The General Fund is considered a major fund for reporting purposes.
 - Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects fund is considered a major fund for reporting purposes.
 - 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. The Special Revenue Funds are considered non-major funds for reporting purposes. These funds consist of the Drug Enforcement Fund and the Comprehensive Services Fund whose revenues are restricted for drug enforcement and health and welfare, respectively.
- *Proprietary Funds* account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of operating income, financial position, and changes in financial position. County Proprietary Funds consist of Enterprise Funds, which distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the James River Sanitary District, Utilities, and the Tuckahoe Creek Service District funds, which provide water and sewer services for the County. All three funds are considered major funds for reporting purposes.
- *Fiduciary Funds (Agency Funds)* account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds, consisting of the Special Welfare and Performance Bond Escrow funds, utilize the accrual basis of accounting. 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 financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, wherein revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Non-exchange transactions, in which the County receives value without directly giving equal value in exchange, include property taxes, state sales taxes, grants, entitlements, and donations. Revenue from state sales taxes is recognized on the accrual basis in the fiscal year during which the underlying exchange transaction takes place, which is generally within two months preceding receipt by the County. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied. Property taxes are recognized as revenues in the year for which they

are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become susceptible to accrual - that is, in the fiscal year in which they become both measurable and available to finance expenditures of the fiscal period. 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, landfill and other postemployment benefits obligations, are recorded only when payment is due. This is the manner in which these funds are normally budgeted. Property taxes, sales taxes, grants, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Property taxes are recognized as receivables and deferred revenue when billed and revenue is recognized as the taxes are collected. Property taxes not collected within 60 days after year-end, net of allowances for uncollectible amounts, 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 when the underlying exchange occurs and are remitted to the County by the state within two months of the transaction. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Reimbursement grants are recognized as revenue when measurable, all eligibility criteria have been met, the related amounts become available, and if received within one year. 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 County considers non-grant 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 County.

The principal operating revenues of the County's proprietary funds are charges for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Unbilled charges for water and wastewater services are recorded at year-end to the extent they can be estimated.

D. Cash, Cash Equivalents and Investment

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All funds, unless otherwise classified as restricted, are deposited into the County's pooled bank accounts; the major account is defined as the General Fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the General Fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments in exchange traded assets are reported at fair value as determined by management based on quotations obtained from readily available sources. The repurchase agreement, a restricted investment held by a third-party, is valued at cost as it is not transferable.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool." Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the County's position in the pool is the same as the value of the pool shares.

E. Receivables and Payables

Activities between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans). Any residual balances outstanding between the Governmental activities and Business-type activities are reported in the government-wide financial statements as "internal balances."

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. The allowance for uncollectible property taxes amounted to \$798,712 at June 30, 2011 is reported within each fund as follows:

General Fund	\$	793,203
James River Sanitary District	\$	267
Tuckahoe Creek Sanitary District	\$	5,242

F. 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	June 5 / December 5	December 5
Lien date	January 1	January 1

The County bills and collects taxes and recognizes such as revenues when measurable and available in the General Fund and for the period in which they are levied for in the Governmental and Business-type activities. Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end are reflected as deferred revenues in the governmental fund financial statements. Taxes are budgeted and billed to fund operations occurring within the year they are required to be paid. Accordingly, payments received by June 30 with a December 5 due date are intended to fund the operations of the next fiscal year and are recorded as deferred revenues at June 30. The County bills and collects its own property taxes.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005 which provided for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$2,853,012, which the County received during the year ended June 30, 2011. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

G. Jointly Allocated Costs

The County purchases bulk water for distribution to customers from Henrico County (Henrico). This water is provided at four metered access points and provides water to customers of the James River Sanitary District (JRSD), Tuckahoe Creek Sanitary District (TCSD), and County utilities department through interconnected waterlines. The cost of bulk water purchased is allocated among these three funds based upon the average consumption by customers served by Henrico water. For the year ended June 30, 2011, the County incurred Henrico water expenses of \$663,085, of which \$190,834, \$11,931, and \$460,320 was allocated to utilities, JRSD, and TCSD customers, respectively.

H. Capital Assets

Capital assets, which include property, plant and equipment, and contractual rights to such assets are reported in the applicable Governmental or Business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the County and its component units as land, building, equipment, and rights to real property with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost (based on appraisals or another acceptable method of valuation) when historical costs are not available. Capital assets acquired for general governmental purposes are recorded as expenditures in the fund financial statements

and reported at cost, net of accumulated depreciation, in the government-wide financial statements. The County records the value of purchased capacity rights to water and wastewater treatment facilities at cost, net of accumulated amortization. Contributed capital assets are recorded at estimated fair market value at the time of receipt. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is reflected in the changes in net assets in the government-wide and proprietary fund financial statements. The Primary Government does not have any infrastructure capitalized within its basic financial statements since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia.

Capital assets are reported in the Business-type activities and proprietary funds at cost, net of accumulated depreciation. Contributed assets are valued at estimated fair market value at the date of receipt. When capital assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and the gains or losses are reflected in the results of operations.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of Business-type activities and proprietary funds are included as part of the capitalized value of the assets constructed and are amortized over the estimated useful life of the related asset. The Tuckahoe Creek Service District Fund has capitalized interest of approximately \$10,065,700, with related accumulated depreciation of approximately \$1,001,700, at June 30, 2011.

Depreciation of all exhaustible capital assets used by the County is charged as an expense in the Statement of Activities and accumulated depreciation is reported in the Statement of Net Assets. The Enterprise Funds also record depreciation and accumulated depreciation in their fund based statements.

Capital assets of the Governmental Activities, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Building improvements	40 years
Furniture, vehicles, office and computer equipment	5 - 20 years
Buses	8 years

Capital assets of the Enterprise Funds are depreciated as follows:

Pipes	50 years
Capacity rights	40 years
Meters	35 years
Vehicles and equipment	5 - 10 years

I. Compensated Absences

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. Total accumulated vacation leave is reported as an expense as incurred in the Statement of Activities and a long-term obligation in the Statement of Net Assets. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For County proprietary funds, the cost of vacation and sick leave is recorded as a liability when incurred.

J. Retirement Plan

Retirement plan contributions are actuarially determined for the Virginia Retirement System (VRS) 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 at the actuarially determined rates.

K. Other Postemployment Benefits Plans

Other postemployment benefits plan contributions are actuarially determined to project the present value of postemployment benefits for retired and active employees. The required supplementary information section presents required schedules of funding progress that includes 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.

L. Fund Balance

Beginning with fiscal year 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that cannot be spent because of their nature (such as the County's inventory) and amounts that must be maintained intact legally or contractually (such as the long-term amount of notes receivable).
- Restricted fund balance - amounts constrained for a specific purpose by external parties, constitutional provisions, or legislation (such as asset forfeiture funds and courthouse maintenance fees).
- Committed fund balance - amounts that can be used only for the specific purposes determined by the Board of Supervisors, before the close of the fiscal year.
- Assigned fund balance - amounts that include the intended use of resources established by the governing body itself.
- Unassigned fund balance - all amounts not classified as nonspendable, restricted, committed or assigned.

The details of the fund balances are included below at Note 11. Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the County Board of Supervisors. Decreases to fund balance first reduce Unassigned fund balance. In the event that Unassigned fund balance becomes zero, the Assigned or Committed fund balances are used in that order.

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

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing uses.

M. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. In accordance with applicable covenants of certain enterprise fund bond issues, cash and other assets have been appropriately restricted. Cash has also been restricted for unexpended bond proceeds as required by the bond indenture. When both restricted and unrestricted resources are available for use, generally it is the County's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net assets represent assets subject to external constraints imposed by creditors, grantors, law or other legal or regulatory statutes.

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 component unit sections. Bonds payable are reported net of the applicable bond premium or discount. Long-term obligations of Governmental activities are payable from the General Fund, while long-term obligations of Business-type activities are payable from the respective enterprise funds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period of issuance. The face amount of debt issued and premiums 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. In governmental funds, bond discounts and issuance costs are recognized as expenditures in the period incurred. Bond discounts and issuance costs in the government-wide financial statements are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred expenses. Governmental funds, prepared on the modified accrual basis of accounting, do not record long-term obligations on the face of the statements.

O. Internal and Intra-entity Activity

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds have been eliminated or reclassified. An exception is made for program-related services such as water and wastewater usage, inspections and permit issuances. Elimination of these program-related services would distort the direct costs and program revenues reported. Amounts reported in the funds as interfund receivables and payables are eliminated in the Governmental and Business-type activities columns of the government-wide financial statements, except for net residual-amounts due between Governmental and Business-type activities, which are presented as internal balances. In the government-wide financial statements, resource flows between the Primary Government and the discretely presented component units are reported as if they were external transactions.

The County has the following types of interfund transactions:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance restriction which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statement of net assets.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds

making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

P. Unearned Revenue

Unearned revenue represents payments and or revenue received not yet recognized since it has not been earned. At the government-wide level, unearned revenue is primarily comprised of property taxes levied during the current year for collection and use during the subsequent fiscal year. At the fund level, deferred and unearned revenue is primarily comprised of deferred taxes and money received from federal and/or state grants in advance of services to be provided.

Q. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

A. Deposits

All cash of the Primary Government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Accordingly, all deposits in banks and savings and loans are considered to be insured.

B. Cash Equivalents

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, bankers' acceptances, repurchase agreements and the State Treasurer's LGIP and the State Non-Arbitrage Program (SNAP).

The County does not have a formal policy for foreign currency risk, custodial credit risk, or concentration of credit risk.

C. Credit Risk of Securities

Credit risk is the risk that the County funds will not recover their investments due to the ability of the counterparty to fulfill its obligation. The County's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are required to be rated no lower than *Standard and Poor's* A-1 and *Moody's* Investor Service P-1.

County's Rated Values

	Fair Quality Ratings	
	AAAm	AA-
Local Government Investment Pool	\$ 9,208,893	\$ -
State Non-Arbitrage Pool	8,501	-
U.S. Treasury Fund	500,314	-
U.S. Government Money Market Mutual Fund	264,468	-
Repurchase Agreements – Underlying: U.S. Agency Securities	-	6,000,000
Total	\$ 9,982,176	\$ 6,000,000

D. Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The County's policy states that the County's cash equivalents maturities with the expected need of funds.

	Fair Value	Less Than 1 year	Greater Than 10 years
Cash equivalent type:			
Local Government Investment Pool	\$ 9,208,893	\$ 9,208,893	\$ -
State Non-Arbitrage Pool	8,501	8,501	-
U.S. Treasury Bond	500,314	500,314	-
U.S. Government Money Market Fund	264,468	264,468	-
Repurchase agreements	6,000,000	-	6,000,000
Total	\$ 15,982,176	\$ 9,982,176	\$ 6,000,000

The SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

E. Total Cash, Cash Equivalents and Investments

Following is a summary, as of June 30, 2011, of the Primary Government's of cash, cash equivalents and investments by asset type:

Government-Wide Accounts	Balance June 30, 2011
Cash and cash equivalents:	
Governmental Activities	\$ 21,660,069
Business-type Activities	5,098,338
Restricted investment – business-type activities	6,000,000
Total cash, cash equivalents and investment	\$ 32,758,407
Asset Type	
Petty cash	\$ 5,650
Deposit accounts	16,770,581
Investments:	
Local Government Investment Pool	9,208,893
State Non-Arbitrage Pool	8,501
U.S. Treasury Fund	500,314
U.S. Government Money Market Mutual Fund	264,468
Repurchase agreements	6,000,000
Total cash, cash equivalents and investment	\$ 32,758,407

3. Due to/from Other Governments

At June 30, 2011, the Primary Government and School Board Component Unit had as follows:

	Governmental Funds	Component Unit School Board	Proprietary Funds
Other local governments:			
County of Henrico	\$ -	\$ -	\$ 236,873
Commonwealth of Virginia:			
General Fund:			
Local sales tax	397,228	-	-
Welfare assistance	38,787	-	-
Rolling stock tax	5,385	-	-
State sales tax	-	436,369	-
Constitutional officer reimbursements	127,151	-	-
Recordation tax	29,310	-	-
Miscellaneous state grants	33,220	-	-
Communications tax	135,665	-	-
Victims witness grant	14,549	-	-
E911	156,667	-	-
Other Non-major Governmental Fund:			
Comprehensive Services Act	109,659	-	-
Federal Government:			
General Fund:			
School fund grants	-	628,343	-
Victims witness grant	-	-	-
Highway safety grant	1,929	-	-
Welfare assistance	70,149	-	-
	\$ 1,119,699	\$ 1,064,712	\$ 236,873

4. Due to/from Other Funds

Details of the Primary Government's interfund receivables and payables as of June 30, 2011 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 3,077,790	\$ 720,855
Tuckahoe Creek Service District Fund	720,855	3,077,790
	\$ 3,798,645	\$ 3,798,645

The outstanding balances between funds result from timing differences wherein (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances have been recorded to cover fund cash deficits; however, it is expected that future revenue streams will enable repayment from the Tuckahoe Creek Service District Fund. In accordance with the approved agreement, \$460,157 will be repaid in the fiscal year ending June 30, 2012.

5. Due to Component Unit/Due from Primary Government

Details of the Primary Government's Due to Component Units as of June 30, 2011 are as follows:

	Due from Primary Government	Due to Component Unit
Governmental Activities – General Fund	\$ -	2,870,604
Economic Development Authority	2,870,604	-
	\$ 2,870,604	\$ 2,870,604

These due to/due from balances represent long-term contractual agreements between the County and the EDA (see note 8 for further discussion).

6. Capital Assets

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

Primary Government - Governmental Activities				
	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not subject to depreciation:				
Construction in progress	\$ 3,843,970	\$ 273,060	\$ (3,580,316)	\$ 536,714
Land and land improvements	3,060,853	-	-	3,060,853
Total capital assets not subject to depreciation	6,904,823	273,060	(3,580,316)	3,597,567
Capital assets subject to depreciation:				
Buildings and improvements	15,402,471	400,938	(50,000)	15,753,409
Equipment	12,462,066	251,979	(58,208)	12,655,837
Buildings – jointly owned assets	31,931,797	2,119,017	(5,020,124)	29,030,690
Total capital assets subject to depreciation	59,796,334	2,771,934	(5,128,332)	57,439,936
Less accumulated depreciation for:				
Buildings and improvements	(4,082,541)	(384,022)	42,082	(4,424,481)
Equipment	(4,464,683)	(1,307,350)	55,245	(5,716,788)
Buildings – jointly owned assets	(9,005,208)	(781,178)	1,442,810	(8,343,575)
Total accumulated depreciation	(17,552,432)	(2,472,550)	1,540,137	(18,484,844)
Total capital assets subject to depreciation - net	42,243,902	299,384	(3,588,194)	38,955,092
Governmental activities capital assets - net	\$ 49,148,725	\$ 572,444	\$ (7,168,510)	\$ 42,552,659

Legislation enacted during the fiscal year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with their school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permitted the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County for the year ended June 30, 2011 is that school related financed assets in the amount of \$20,687,115 (net of accumulated depreciation) are reported in the Primary

Government as buildings - joint owned assets for financial reporting purposes.

Component Unit – School Board					
	Balance			Balance	
	July 1, 2010	Additions	Deletions	June 30, 2011	
Capital assets not subject to depreciation:					
Land and land improvements	\$ 459,907	\$ -	\$ -	\$ 459,907	
Capital assets subject to depreciation:					
Equipment	6,839,106	345,961	(2,337,821)	4,847,246	
Buildings and improvements	22,020,531	6,481,422	-	28,501,953	
Total capital assets subject to depreciation	28,859,637	6,827,383	(2,337,821)	33,349,199	
Less accumulated depreciation for:					
Equipment	(4,762,253)	(822,973)	2,337,821	(3,247,405)	
Buildings improvements	(6,210,094)	(1,981,519)	-	(8,191,613)	
Total accumulated depreciation	(10,972,347)	(2,804,492)	2,337,821	(11,439,018)	
Total capital assets subject to depreciation - net	17,887,290	4,022,891	-	21,910,181	
School Board capital assets - net	<u>\$ 18,347,197</u>	<u>\$ 4,022,891</u>	<u>\$ -</u>	<u>\$ 22,370,088</u>	

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

Governmental Activities:		
General government		\$ 215,431
Judicial administration		91,800
Public safety		1,139,997
Public works		133,708
Health and welfare		8,772
Education		797,281
Parks, recreation and cultural		73,581
Community development		11,980
		<u>\$ 2,472,550</u>
Component unit School Board:		
Instruction		\$ 2,384,226
Pupil transportation services		420,266
		<u>\$ 2,804,492</u>

Construction in progress for governmental activities is composed of the following:

	Expended to	Committed at
	June 30, 2011	June 30, 2011
Soccer fields	\$ 281,508	\$ 8,559
Narrow banding communications system	78,584	66,691
E911 system replacement	150,000	101,908
Park and Ride project	26,622	5,954
Total construction in progress	<u>\$ 536,714</u>	<u>\$ 183,112</u>

A summary of proprietary fund capital assets at June 30, 2011 follows.

Primary Government – Business-type activities				
	Balance			Balance
	July 1, 2010	Additions	Deletions	June 30, 2011
Utilities fund				
Capital assets not subject to depreciation:				
Construction in progress	\$ -	\$ 8,085	\$ -	\$ 8,085
Capital assets subject to depreciation:				
Water and sewer system	11,776,735	-	-	11,776,735
Capacity rights	3,295,196	-	-	3,295,196
Machinery and equipment	59,977	-	-	59,977
Total capital assets subject to	<u>15,131,908</u>	<u>-</u>	<u>-</u>	<u>15,131,908</u>
Less accumulated depreciation for:				
Water and sewer system	(2,490,666)	(242,679)	-	(2,733,345)
Capacity rights	(225,085)	(82,380)	-	(307,465)
Machinery and equipment	(59,977)	-	-	(59,977)
Total accumulated depreciation	<u>(2,775,728)</u>	<u>(325,059)</u>	<u>-</u>	<u>(3,100,787)</u>
Total capital assets subject to depreciation - net	<u>12,356,180</u>	<u>(325,059)</u>	<u>-</u>	<u>12,031,121</u>
Utilities fund capital assets - net	<u>\$ 12,356,180</u>	<u>\$ (316,974)</u>	<u>\$ -</u>	<u>\$ 12,039,206</u>
James River Sanitary District fund				
Capital assets subject to depreciation:				
Water and sewer system	\$ 366,236	\$ -	\$ -	\$ 366,236
Less accumulated depreciation for:				
Water and sewer system	(73,247)	(7,325)	-	(80,572)
Total capital assets subject to depreciation - net	<u>292,989</u>	<u>(7,325)</u>	<u>-</u>	<u>285,664</u>
James River Sanitary District fund capital assets - net	<u>\$ 292,989</u>	<u>\$ (7,325)</u>	<u>\$ -</u>	<u>\$ 285,664</u>

Primary Government – Business-type activities

	Balance			Balance
	July 1, 2010	Additions	Deletions	June 30, 2011
Tuckahoe Creek Sanitary District fund				
Capital assets not subject to depreciation:				
Construction in progress	\$ 2,013,058	\$ 1,176,146	\$ -	\$ 3,189,204
Land and land improvements	2,874,584	-	-	2,874,584
Total capital assets not subject to depreciation	4,887,642	1,176,146	-	6,063,788
Capital assets subject to depreciation:				
Water and sewer system	61,198,694	46,960	-	61,245,654
Capacity rights	34,689,920	-	-	34,689,920
Machinery and equipment	36,369	-	-	36,369
Total capital assets subject to depreciation	95,924,983	46,960	-	95,971,943
Less accumulated depreciation for:				
Water and sewer system	(5,148,458)	(1,277,192)	-	(6,425,650)
Capacity rights	(3,202,742)	(867,248)	-	(4,069,990)
Machinery and equipment	(25,364)	(4,002)	-	(29,366)
Total accumulated depreciation	(8,376,564)	(2,148,442)	-	(10,525,006)
Total capital assets subject to depreciation - net	87,548,419	(2,101,482)	-	85,446,937
Tuckahoe Creek Sanitary District fund capital assets - net	\$ 92,436,061	\$ (925,336)	\$ -	\$ 91,510,725
Total Primary Government – Business-type activities				
	\$ 105,085,230	\$ (1,249,635)	\$ -	\$ 103,835,595

7. Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund specifically to finance various programs accounted for in other funds in accordance with budgeting authorization. The transfers from the Capital Projects Fund to the General Fund represent reimbursement from bond escrow proceeds for expenditures incurred in the General Fund. The transfers from the General Fund to the Capital Projects Fund were primarily to cover capital projects funded through General Fund dollars ("pay-go" projects). Transfers from the General Fund to the Special Revenue Fund consisted of required local matching dollars for services provided through the Comprehensive Services Act. For the fiscal year ended June 30, 2011, the General Fund received a transfer of \$125,000 from the Capital Projects Fund while transferring out \$200,000, \$594,647, \$147,267, and \$49,801 to the Capital Projects Fund, Other Non-major Governmental Funds, Utilities Fund and the Tuckahoe Creek Sanitary District Fund, respectively. The Capital Projects Fund transferred \$286,288 to the Utilities Fund. The transfers from the General Fund and the Capital Projects Fund to the Utilities Fund and Tuckahoe Creek Sanitary District Fund were made to support capital activities.

8. Long-Term Obligations

A. Primary Government

The following is a summary of long-term obligations for the year ended June 30, 2011.

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Governmental activities obligations:					
Incurred by County:					
Compensated absences payable	\$ 554,386	\$ 537,620	\$ (360,457)	\$ 731,549	\$ 73,155
Capital lease obligations	2,841,455	-	(994,478)	1,846,977	910,777
Other postemployment benefits	224,201	203,346	(55,954)	371,593	-
Landfill postclosure care	1,975,879	11,205	(42,156)	1,944,928	60,000
Total incurred by County	<u>5,595,921</u>	<u>752,171</u>	<u>(1,453,045)</u>	<u>4,895,047</u>	<u>1,043,932</u>
Incurred for School Board:					
General obligation bonds	22,615,000	-	(2,155,000)	20,460,000	1,875,000
Add deferred amounts issuance premiums	311,590	-	(19,475)	292,115	19,475
Total incurred for School Board	<u>22,926,590</u>	<u>-</u>	<u>(2,174,475)</u>	<u>20,752,115</u>	<u>1,894,475</u>
Total Governmental activities obligations	<u>28,522,511</u>	<u>752,171</u>	<u>(3,627,520)</u>	<u>25,647,162</u>	<u>2,938,407</u>
Business-type activities:					
Compensated absences payable	13,235	13,903	(3,159)	23,979	2,398
Revenue bonds	67,397,167	-	(905,000)	66,492,167	1,155,001
Less deferred amounts on refunding	(266,667)	-	13,334	(253,333)	(13,334)
Accreted interest – revenue bonds	13,551,009	2,132,213	-	15,683,222	-
Capacity rights obligations	20,595,224	-	(373,000)	20,222,224	400,000
Total Enterprises funds obligations	<u>101,289,968</u>	<u>2,146,116</u>	<u>(1,267,825)</u>	<u>102,168,259</u>	<u>1,544,065</u>
Total Primary Government	<u>\$ 129,812,479</u>	<u>\$ 2,898,287</u>	<u>\$ (4,895,345)</u>	<u>\$ 127,815,421</u>	<u>\$ 4,482,472</u>

The future principal and interest payments related to debt and contractual obligations are as follows:

Year ending June 30:	General Government Obligations				Enterprise Obligations		
	Capital Leases		General Obligations School Bonds		Water and Sewer Revenue Bonds		Capacity Rights Obligation
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2012	\$ 910,778	\$ 44,951	\$ 1,875,000	\$ 969,355	\$ 1,155,001	\$ 1,888,826	\$ 400,000
2013	936,199	19,529	1,875,000	878,610	1,023,291	2,274,794	450,000
2014	-	-	1,940,000	785,971	1,134,765	2,403,895	500,000
2015	-	-	1,680,000	697,843	1,256,289	2,552,717	550,000
2016	-	-	1,740,000	612,770	1,365,007	2,733,908	600,000
2017-2021	-	-	8,140,000	1,675,884	8,461,451	17,520,556	3,250,000
2022-2026	-	-	2,675,000	443,716	8,829,703	22,945,150	3,550,000
2027-2031	-	-	535,000	13,643	9,349,404	33,651,958	3,550,000
2032-2036	-	-	-	-	33,917,256	10,895,242	3,550,000
2037-2041	-	-	-	-	-	-	3,550,000
2042	-	-	-	-	-	-	272,224
Total	\$ 1,846,977	\$ 64,480	\$ 20,460,000	\$ 6,077,792	\$ 66,492,167	\$ 96,867,046	\$ 20,222,224

Long-Term Obligations – Governmental Activities:

Governmental activities obligations:

County obligations:

Capital lease obligations:

\$2,500,000 capital lease obligation issued April 29, 2008, secured by equipment, due in semi-annual installments of \$265,657 through April 5, 2013 at an interest rate of 2.24% \$ 1,033,529

\$2,600,000 capital lease obligation issued November 1, 2005, secured by fire trucks, due in semi-annual installments of \$212,207, through January 15, 2013 at an interest rate 3.45% 813,448

Total capital lease obligations 1,846,977

Compensated absences 731,549

Other postemployment benefits obligations 371,593

Landfill postclosure care liability 1,944,928

Total County obligations \$ 4,895,047

Incurred for School Board:

General obligation bonds:

\$10,745,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026, with interest payable semi-annually at rates ranging from 4.10% to 5.10%. \$ 8,585,000

\$2,490,000 Virginia Public School Authority Bonds issued May 15, 2003, maturing annually through July 15, 2013, with interest payable semi-annually at rates ranging from 3.10% to 5.35%. 885,000

\$19,350,000 Virginia Public School Authority Bonds issued May 13, 1999, maturing annually through July 15, 2019, with interest payable semi-annually at rates ranging from 4.10% to 5.23%. 10,925,000

\$1,000,000 Virginia Public School Authority Bonds issued May 2, 1996, maturing annually through July 15, 2011, with interest payable semi-annually at rates ranging from 4.10% to 6.10%. 65,000

Deferred amounts of issuance premiums 292,115

Total incurred for School Board \$ 20,752,115

Long-term obligations – Business-type activities

Enterprise obligations:

\$3,390,000 Virginia Resources Authority, issued August 31, 2006, maturing annually through April 1, 2030, interest payable at rates ranging from 4.1% to 4.5%.	\$ 3,230,000
\$2,595,000 Virginia Resources Authority, issued June 7, 2007, maturing annually through October 1, 2027, interest payable at rates ranging from 4.1% to 4.8%.	2,340,000
\$62,747,167 Virginia Resources Authority, issued July 31, 2002, maturing annually through November 1, 2035, interest payable at rates ranging from 4.14% to 5.59%.	60,922,167
Accreted interest on \$27,537,167 of capital appreciation bonds issued as part of the \$62,747,167 Virginia Resources Authority issue dated July 31, 2002.	15,683,222
\$21,300,000 Wastewater treatment capacity rights purchased from the City of Richmond in June 2002. Payable at 0% interest over thirty years, through treatment rates paid by the County, which commenced January 2007.	20,222,224
Less deferred amounts on refunding	(253,333)
Compensated absences	23,979
	<hr/>
Total Enterprise obligations	\$ 102,168,259
	<hr/>
Total long-term obligations – Primary Government	\$ 127,815,422

Capital Leases

The County has two lease agreements for financing the acquisition of fire trucks and emergency response equipment and the acquisition and installation of Computer Aided Dispatch and Mobile Data Terminal systems. These lease agreements qualified as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	Governmental Activities
	<hr/>
Asset:	
Fire trucks	\$ 2,188,165
Emergency response equipment	2,952,848
Less accumulated depreciation	(1,540,441)
	<hr/>
Net book value of assets acquired under capital leasing arrangements	\$ 3,600,572
	<hr/>
	Governmental Activities
	<hr/>
Year ending June 30:	
2012	\$ 955,729
2013	955,728
	<hr/>
Total minimum lease payments	1,911,457
Less amount representing interest	(64,480)
	<hr/>
Present value of minimum lease payments	\$ 1,846,977
	<hr/>

Contractual Agreement (EDA)

The County entered into a three party agreement with the EDA and Capital One Bank (Capital One) in 2001. Per this agreement, the County will pay a portion of the increase in real property taxes generated by a site owned by Capital One to the EDA, an aggregate amount of \$4,300,000. The carrying amount of the obligation \$2,870,604 represents the original contractual amount less payments made through June 30, 2011.

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Governmental activities obligations:					
Incurred by County:					
Due to component unit	\$ 3,047,292	\$ -	\$ (176,688)	\$ 2,870,604	\$ 177,000

B. Component Unit – School Board

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Component Unit – School Board:					
Capital lease	\$ 592,108	\$ -	\$ (486,704)	\$ 105,404	\$ 32,150
Other postemployment benefits obligations	388,679	227,515	(52,025)	564,169	-
Compensated absences	393,926	226,649	(256,673)	363,902	36,390
Subtotal	1,374,713	454,164	(795,402)	1,033,475	68,540
Deferred compensation liability	431,100	15,655	(210,396)	236,359	134,052
Total Component Unit – School Board	\$ 1,805,813	\$ 469,819	\$ (1,005,798)	\$ 1,269,834	\$ 202,592

The School Board adopted a deferred compensation plan effective July 1, 1999. To be eligible, the individual must be a former employee of the County School Board age 55 or over, who has retired and is eligible to receive retirement benefits under VRS. In addition, the employee cannot be eligible for disability retirement benefits under VRS. The School Board is obligated to request an appropriation each year for an amount which is necessary to maintain the plan in a sound actuarial basis to the fullest degree and in a manner consistent with the constitution and laws of the Commonwealth of Virginia. Employees are not permitted to make contributions to the plan. As of July 1, 2009, the plan had been suspended indefinitely to new participants. The School Board made a contribution of \$177,538 to the plan Trustee (SunTrust) for existing participants as of June 30, 2011. For the year ended June 30, 2011, the amount of benefits paid to participants was \$210,396. The deferred compensation liability meets the requirements for inclusion as a liability of the School Board's Operating Fund.

Capital Lease

The School Board has a lease agreement for financing the acquisition of laptops and other computer equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	Component Unit School Board
Asset:	
Copiers	\$ 159,404
Less accumulated depreciation	<u>(63,762)</u>
	<u>\$ 95,642</u>
	Component Unit School Board
Year ending June 30:	
2012	\$ 42,896
2013	42,896
2014	<u>39,321</u>
Total minimum lease payments	125,113
Less amount representing interest	<u>(19,709)</u>
Present value of minimum lease payments	<u>\$ 105,404</u>

9. Deferred and Unearned Revenues

Deferred revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$13,807,519 (governmental funds \$12,262,368 and proprietary funds \$1,545,151) is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$12,034,813 for governmental funds at June 30, 2011. Deferred revenue in the proprietary funds totaled \$1,514,749 at June 30, 2011 and was comprised of assessed but uncollected property taxes not intended to fund current period expenses.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$227,555 in the general fund and \$30,402 in the proprietary funds at June 30, 2011.

10. Commitments and Contingent Liabilities

Federal programs in which the County and the discretely presented School Board component unit participate are audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-I 33, *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 matters of noncompliance may be disclosed by the audit, the grantors may also subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, future disallowance of current grant program expenditures, if any, would be immaterial.

11. Fund Balance

General Fund

The General Fund has Unassigned fund balance of \$15,676,774 at June 30, 2011. Noncurrent notes receivable of \$3,338,836 related to Fire and Rescue and the Tuckahoe Creek Sanitary District (\$261,046 and \$3,077,790, respectively) are considered Nonspendable fund balances. The General Fund has Restricted funds of \$114,244. This amount consists of revenue maximization funds of \$63,270, restricted by the State of Virginia, to be used by the Department of Social Services, and courthouse maintenance funds of \$50,974, restricted by Goochland County Code §1-7.1, to be used at the discretion of the Board of Supervisors for the construction, renovation, or maintenance of the courthouse or jail and court-related facilities and to defray increases in the cost of heating, cooling, electricity, and ordinary maintenance. Assigned funds of \$1,349,452, designated by a Resolution of the Board of Supervisors, are to be used to supplement the fiscal year 2012 net budget shortfall, provided for by the fiscal year 2011 net budget overage. The General Fund has a Committed fund balance designated by a Resolution of the Board of Supervisors for the following specific purposes:

Schools retiree healthcare liability	\$ 80,000
County retiree healthcare liability	30,000
Schools future years' VRS cost increases	600,000
Facility improvements and Chapel Hill Road clean-up	61,000
Park development	480,000
Correction and detention – adult jail costs	15,000
Replacement vehicle for Sheriff	35,000
Courthouse Village property purchase	85,000
Economic development and planning – Courthouse Village Plan and other	100,000
Courthouse security	231,430
Redistricting and special elections	15,000
Utilities Master Plan	470,000
Utilities maintenance projects	350,000
E911 escrow funds	140,885
Total Committed Fund Balance	<u>\$ 2,693,315</u>

Other Major Funds

The Capital Projects Fund has an Assigned fund balance of \$1,953,419 resulting from accumulated and unspent General Fund transfers authorized by the Board of Supervisors in prior years. These funds are to be used for future capital projects until the Board of Supervisors resolves otherwise.

Other Nonmajor Governmental Funds

The Drug Enforcement Fund has a Restricted fund balance of \$129,822, consisting of asset forfeiture proceeds. The Assigned fund balance of \$69,577 relates exclusively to the Comprehensive Services Fund and is the result of accumulated unspent General Fund transfers authorized by the Board of Supervisors in prior years that are to be used for the purpose of health and welfare until the Board of Supervisors resolves otherwise.

12. **Litigation**

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

13. **Risk Management**

The County and School Board utilize commercially available insurance to mitigate various risks of loss. The County and School Board have not had reductions in insurance coverage from the prior year and there were no settlements which exceeded insurance coverage in the past three years.

A. **Employee Health Insurance**

The County and School Board have contracted with private carriers to administer this activity. Accounting for these activities is made in the General and School Operating Funds. The health insurance plans are fully insured. The County and School Board have no liability for claims incurred but not reported.

B. **Unemployment Insurance**

The County and School Board are fully self-insured for unemployment claims. The Virginia Employment Commission bills the entities for all unemployment claims. No liability has been recorded for estimated unreported claims as the amount of estimated unreported claims is not deemed significant based on historical trends.

C. **Property and Casualty Insurance**

The County and School Board contract with the Virginia Association of Counties Municipal Liability Pool and private insurance carriers to provide coverage for property damage, employee crime and dishonesty, and general liability. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion to the premium each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is \$2,000,000 for the County and \$3,000,000 for the School Board.

The County and School Board also contract with the Virginia Municipal League Pool for its workers compensation coverage. This Pool also has similar provisions as the Virginia Association of Counties Municipal Liability Pool for assumptions of a loss deficit by the members.

14. **Defined Benefit Pension Plan**

Reporting Entity

A. **Plan Description**

Plan	Virginia Retirement System (VRS)
Identification of plan	Agent (County and School Board Nonprofessionals) and Cost Sharing (School Board Professionals) Multiple-Employer Defined Benefit Pension Plans
Administering entity	Virginia Retirement System (System)

The County and School Board contribute to VRS. All full-time, salaried permanent employees of the County and nonprofessional employees of the School Board are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the agent multiple-employer plan. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

The School System contributes to the VRS cost-sharing multiple-employer defined benefit pension plan administered by the VRS and provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the cost-sharing multiple-employer plan. That report may be obtained by writing to VRS at P.O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Primary Government

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2011 was 15.35% of annual covered payroll (including the employee's 5% which is paid by the County).

Discretely Presented Component Unit — School Board

Members of the VRS agent multiple-employer plan are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The School Board's nonprofessional employee's contribution rate for the fiscal year ended 2011 was 7.59% of annual covered payroll (plus 5% employee share paid by the employer).

The School Board's contributions to the VRS cost-sharing multiple-employer plan pool for professional employees were \$1,137,613, \$1,657,528, and \$1,854,790 for the fiscal years ended June 30, 2011, 2010, and 2009, respectively. The School Board employer's and employee's (paid by the School Board) rate for professional employees was 13.93%, 13.81%, and 13.81% of annual covered payroll for fiscal years 2011, 2010, and 2009 respectively. Actual contributions equaled the required contributions.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$765,710 (which did not include the portion of the employee share assumed by the County of \$369,908) was equal to the County's annual required contribution.

For fiscal 2011, the School Board's annual pension cost for the nonprofessional employees was \$66,244 (which did not include the portion of the employee share assumed by the School Board of \$43,632) and was equal to the Board's annual required contribution.

	Primary Government County Retirement Plan	Discretely Presented Component Unit School Board Nonprofessional Retirement Plan
Contribution rates for the year ended June 30, 2011 (determined by the June 30, 2010 actuarial valuation):		
Employer	10.35%	7.59%
Plan members (1)	5.00%	5.00%
Actuarial assumptions:		
Actuarial valuation date	June 30, 2010	June 30, 2010
Actuarial cost method	Entry Age normal	Entry age normal
Amortization method	Level percentage, open	Level percentage, open
Payroll growth rate	3.00%	3.00%
Remaining amortization period	20 years	20 years
Asset valuation method	5 year smoothed market	5 year smoothed market
Investment rate of return (2)	7.00%	7.00%
Projected salary increases (2):		
Non LEO Employees	3.75% to 5.60%	3.75% to 5.60%
LEO Employees	3.50% to 4.75%	3.50% to 4.75%
Cost-of-living adjustments	2.50%	2.50%

(1) This member contribution has been assumed by the employer.

(2) Included inflation at 2.50%.

	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
Fiscal year ending:			
County:			
June 30, 2011	\$ 765,710	100%	\$ -
June 30, 2010	\$ 741,485	100%	-
June 30, 2009	\$ 666,413	100%	-
School Board:			
Non-Professional:			
June 30, 2011	\$ 66,244	100%	-
June 30, 2010	\$ 68,873	100%	-
June 30, 2009	\$ 69,863	100%	-

(1) Employer portion only

D. Funded Status and Funding Progress

County

As of June 30, 2010, the most recent actuarial valuation date, the plan was 79.54% funded. The actuarial accrued liability for benefits was \$21,965,553 and the actuarial value of assets was \$17,471,746, resulting in an unfunded actuarial liability (UAAL) of \$4,493,807. The covered payroll (annual payroll of active employees covered by the plan) was \$7,918,415 and the ratio of the UAAL to covered payroll was 56.75%.

School Board (Nonprofessional Employees)

As of June 30, 2010, the most recent actuarial valuation date, the plan was 85.28% funded. The actuarial accrued liability for benefits was \$3,138,601 and the actuarial value of assets was \$2,676,682, resulting in an unfunded actuarial liability (UAAL) of \$461,919. The covered payroll was \$878,651 and the ratio of the UAAL to covered payroll was 52.57%.

The schedule of pension 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. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

15. Other Postemployment Benefits

Reporting Entity

A. Overview

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with GAAP, the County recognizes the cost of postemployment healthcare in the year when the employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years.

B. Plan Description – Primary Government

The County provides continuous medical insurance coverage for full-time employees who retire directly from the County, have 15 years of VRS creditable service, and are eligible to receive an early or regular retirement benefit from the County. Retirees receive a stipend from the County for their healthcare premiums based on years of service in excess of 15 years. Retirees are responsible for their healthcare premiums, less any stipends. Dental insurance also continues after retirement at the retiree rate. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan for up to 36 months after the death of the member paying the same rate as the retiree, but without the County's contribution. Twenty-one retirees and 164 active members participated in the plan as of June 30, 2010, the effective date of the biennial OPEB valuation. There have been no significant changes in the number covered or the type of coverage since that date.

C. Plan Description - Component Unit School Board

The School Board provides continuous medical insurance coverage for full-time employees who retire directly from the School Board and are eligible to receive an early or regular retirement benefit from the School Board. The School Board does not provide stipends for retirees toward healthcare premiums. Retirees are responsible for their healthcare premiums. Dental insurance also continues after retirement at the active employee rate. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan after the death of the member paying the same rate as the retiree up until they reach age 65. Twenty-three retirees and 340 active employees participated in the plan as of June 30, 2010, the effective date of the biennial OPEB valuation. There have been no other significant changes in the number covered or the type of coverage since that date.

D. Funding

The County and School Board currently pay for postemployment healthcare benefits on a pay-as you-go basis. Although both entities are studying the establishment of trusts that would be used to accumulate and invest assets necessary to pay for any accumulated liability on an actuarial basis, these financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation. The County's and School Board's other postemployment benefit (OPEB) costs (expenses) are calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities for funding purposes over a period not to exceed thirty years. For fiscal years 2011 and 2010, the County's annual pension cost (\$203,289 and \$205,000) equaled its ARC and the School Board's annual pension cost (\$227,293 and \$273,000) equaled its ARC. The following table shows the components of County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Calculation of Annual Required Contribution (ARC) under the Projected Unit Credit Method

	Primary Government	Component Unit School Board
ARC Normal Cost	\$ 130,869	\$ 141,897
Amortization	72,420	85,496
Annual required contribution	203,289	227,393
Interest on the Net OPEB Obligation (NOO)	8,967	15,569
Adjustment to ARC	(8,910)	(15,447)
Annual OPEB cost (AOC)	203,346	227,515
Contribution for fiscal year ended June 30, 2011	(55,954)	(52,025)
Increase in net OPEB obligation	147,392	175,490
Net OPEB obligation – beginning of fiscal year	224,201	388,679
Net OPEB obligation – end of fiscal year	\$ 371,593	\$ 564,169
Percentage of AOC contributed	27.52%	22.87%
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability	1,822,305	2,151,339
Unfunded actuarial liability (UAAL)	\$ 1,822,305	\$ 2,151,339
Funded ratio	- %	- %
Annual covered payroll	7,344,338	15,537,314
UAAL as a percentage of covered payroll	24.8%	13.8%
Valuation as of June 30, 2010		

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 the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Premiums are based on a blend of the insurer's pooled rate and the entity's medical/surgical claims experience. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the 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 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. In the June 30, 2010, actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money mark funds), was considered in the selection of the 4% rate. The valuation assumes a 9% and 8.5% healthcare cost trend increase for fiscal year 2011 and 2012, respectively, reduced by decrements of 0.5% to a rate of 5.5% after 6 years.

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 actual accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

16. Deferred Compensation Plan

The County offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code (IRS) Section 457. The Plan is available to all County employees and permits deferral until future years of up to 100% of salary with a maximum deferral of \$16,500 for calendar year 2010, whichever is less. In calendar year 2011, the maximum deferral amount is \$16,500. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. In accordance with the amended provisions of Section 457, which were enacted into law in August 1996 and their subsequent adoption by the County, assets and income of the plan were transferred to a trust and are held for the exclusive benefit of participants and their beneficiaries. The County has contracted with a nongovernmental third-party administrator to administer the Plan.

17. Landfill Postclosure Costs

State and federal laws and regulations require that the County perform certain maintenance and monitoring functions subsequent to closure of the County's landfill site. The County closed its landfill and is liable for postclosure monitoring over a period of 30 years. The amount reported as landfill post closure liability at June 30, 2011 represents the estimated liability for postclosure monitoring (\$1,944,928) over a period of twenty years. This amount includes the County's liability of \$1,000,000 for corrective action. These amounts are based on what it would cost to perform all postclosure care in 2011. The total current cost of landfill postclosure care is an estimate subject to change due to inflation, deflation, technology, or changes in applicable laws or regulations.

The County demonstrates its financial assurance requirements for 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. The County intends to fund these costs from accumulated funds and tax revenue.

* * * * *

County of Goochland, Virginia
Required Supplementary Information
Year Ended June 30, 2011

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 26,624,094	\$ 27,038,094	\$ 29,635,464	\$ 2,597,370
Other local taxes	5,236,900	5,236,900	4,800,844	(436,056)
Permits, privilege fees and regulatory licenses	290,400	290,650	356,225	65,575
Fines and forfeitures	75,000	75,000	170,670	95,670
Revenue from use of money and property	200,000	218,330	160,158	(58,172)
Charges for services	200,250	287,485	295,840	8,355
Miscellaneous	841,826	865,676	152,849	(712,827)
Recovered costs	76,600	127,575	134,372	6,797
Intergovernmental revenues:				
Commonwealth	5,258,102	5,442,198	5,230,480	(211,718)
Federal	793,718	1,090,151	994,544	(95,607)
Total revenues	39,596,890	40,672,059	41,931,446	1,259,387
Expenditures				
Current:				
General government administration	3,004,306	3,367,636	3,188,558	179,078
Judicial administration	1,480,358	1,537,083	1,400,109	136,974
Public safety	6,007,712	6,923,688	6,347,961	575,727
Public works	1,884,182	1,884,182	1,675,599	208,583
Health and welfare	2,679,947	3,289,659	2,947,363	342,296
Education	17,330,174	17,468,674	16,382,429	1,086,245
Parks, recreation, and cultural	919,255	944,124	938,631	5,493
Community development	1,019,928	1,058,778	906,998	151,780
Debt service:				
Principal retirement	3,489,272	3,341,272	3,326,315	14,957
Interest and other fiscal charges	1,145,039	1,145,039	1,154,774	(9,735)
Total expenditures	38,960,173	40,960,135	38,268,737	2,691,398
Excess (deficiency) of revenues over (under) expenditures	636,717	(288,076)	3,662,709	3,950,785
Other financing sources (uses)				
Transfers in	4,839,087	5,896,880	4,018,599	(1,878,281)
Transfers out	(5,475,802)	(5,608,802)	(4,885,314)	723,488
Total other financing sources (uses), net	(636,715)	288,078	(866,715)	(1,154,793)
Net change in fund balances	2	2	2,795,994	2,795,992
Fund balances - beginning of year	20,376,627	20,376,627	20,376,627	-
Fund balance - end of year	\$ 20,376,629	\$ 20,376,629	\$ 23,172,621	\$ 2,795,992

See accompanying independent auditors' report.

County of Goochland, Virginia

Notes to Required Supplementary Information

June 30, 2011

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.
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. The Board of Supervisors adopts budgets for estimated revenues and expenditures on a departmental basis for all governmental funds.
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.
5. Formal Budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, and Capital Projects Fund.
6. All budgets are adopted on a basis consistent with U. S. generally accepted accounting principles.
7. Appropriations lapse on June 30.

Required Supplementary Information
Schedule of Pension and Other Postemployment Benefits Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

PRIMARY GOVERNMENT

County Retirement Plan

6/30/2010	\$ 17,471,746	\$ 21,965,553	\$ 4,493,807	79.54%	\$ 7,918,415	56.75%
6/30/2009	\$ 16,605,376	\$ 19,622,568	\$ 3,017,192	84.62%	\$ 7,509,152	40.18%
6/30/2008	\$ 15,802,655	\$ 17,804,912	\$ 2,002,257	88.75%	\$ 6,740,536	29.70%

County Other Postemployment Benefits

6/30/2010	\$ -	\$ 1,822,305	\$ 1,822,305	- %	\$ 7,344,338	24.81%
6/30/2009	\$ -	\$ 1,677,631	\$ 1,677,631	- %	\$ 7,052,650	23.79%
6/30/2008	\$ -	\$ 1,566,439	\$ 1,566,439	- %	\$ 6,740,536	23.24%

DISCRETELY PRESENTED COMPONENT UNIT

School Board Non-Professional Retirement Plan

6/30/2010	\$ 2,676,682	\$ 3,138,601	\$ 461,919	85.28%	\$ 878,651	52.57%
6/30/2009	\$ 2,622,436	\$ 2,865,277	\$ 242,841	91.52%	\$ 892,254	27.22%
6/30/2008	\$ 2,528,846	\$ 2,767,125	\$ 238,279	91.39%	\$ 859,122	27.74%

School Board Other Postemployment Benefits

6/30/2010	\$ -	\$ 2,151,339	\$ 2,151,339	- %	\$ 15,537,314	13.85%
6/30/2009	\$ -	\$ 2,107,705	\$ 2,107,705	- %	\$ 15,485,871	13.61%
6/30/2008	\$ -	\$ 1,915,900	\$ 1,915,900	- %	\$ 13,430,777	14.26%

See accompanying independent auditors' report.

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 1,075	\$ 1,075
Miscellaneous	-	250,000	389,272	139,272
Commonwealth	-	179,500	27,181	(152,319)
Total revenues	-	429,500	417,528	(11,972)
Expenditures				
Capital projects	350,000	1,816,730	592,450	1,224,280
Deficiency of revenues under expenditures	(350,000)	(1,387,230)	(174,922)	1,212,308
Other financing sources (uses)				
Transfers in	350,000	2,097,230	785,000	(1,312,230)
Transfers out	-	(710,000)	(996,288)	(286,288)
Total other financing sources (uses), net	350,000	1,387,230	(211,288)	(1,598,518)
Net change in fund balances	-	-	(386,210)	(386,210)
Fund balance - beginning of year	2,339,629	2,339,629	2,339,629	-
Fund balance - end of year	\$ 2,339,629	\$ 2,339,629	\$ 1,953,419	\$ (386,210)

See accompanying independent auditors' report.

Other Nonmajor Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 154	\$ 154
Charges for services	-	62,200	59,859	(2,341)
Intergovernmental revenues -				
Commonwealth	457,912	589,456	559,370	(30,086)
Total revenues	457,912	651,656	619,383	(32,273)
Expenditures				
Current:				
Public safety	-	125,321	164	125,157
Health and welfare	952,560	1,246,304	1,180,681	65,623
Total expenditures	952,560	1,371,625	1,180,845	190,780
Deficiency of revenues under expenditures	(494,648)	(719,969)	(561,462)	158,507
Other financing sources				
Transfers in	494,648	719,969	594,647	(125,322)
Net change in fund balances	-	-	33,185	33,185
Fund balance - beginning of year	166,214	166,214	166,214	-
Fund balance - end of year	\$ 166,214	\$ 166,214	\$ 199,399	\$ 33,185

See accompanying independent auditors' report.

County of Goochland, Virginia
Other Supplementary Information
Year Ended June 30, 2011

County of Goochland, Virginia
Combining Statement of Fiduciary Net Assets
Agency Funds

Exhibit 15

Year Ended June 30, 2011

	Agency Funds			
	Special Welfare	Towers & Roads	Performance Bonds	Total
Assets				
Cash and cash equivalents	\$ 15,474	\$ 136,000	\$ 136,556	\$ 288,030
Due from other governmental units	1,213	-	-	1,213
	<u>\$ 16,687</u>	<u>\$ 136,000</u>	<u>\$ 136,556</u>	<u>\$ 289,243</u>
Liabilities				
Amounts held for social services clients	\$ 16,687	\$ -	\$ -	\$ 16,687
Performance bonds held for others	-	136,000	136,556	272,556
	<u>\$ 16,687</u>	<u>\$ 136,000</u>	<u>\$ 136,556</u>	<u>\$ 289,243</u>

See accompanying independent auditors' report.

Statement of Changes in Fiduciary Net Assets
Agency Funds

June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund				
Assets:				
Cash and cash equivalents	\$ 18,241	\$ 62,150	\$ (64,917)	\$ 15,474
Due from other governmental units	-	1,213	-	1,213
Total assets	\$ 18,241	\$ 63,363	\$ (64,917)	\$ 16,687
Liabilities:				
Amounts held for social services clients	\$ 18,241	\$ 63,363	\$ (64,917)	\$ 16,687
Towers & Roads				
Assets:				
Cash and cash equivalents	\$ 193,750	\$ -	\$ (57,750)	\$ 136,000
Liabilities:				
Performance bonds payable	\$ 193,750	\$ -	\$ (57,750)	\$ 136,000
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 216,554	\$ 43,348	\$ (123,346)	\$ 136,556
Liabilities:				
Performance bonds payable	\$ 216,554	\$ 43,348	\$ (123,346)	\$ 136,556
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 428,545	\$ 105,498	\$ (246,013)	\$ 288,030
Due from other governmental units	-	1,213	-	1,213
Total assets	\$ 428,545	\$ 106,711	\$ (246,013)	\$ 289,243
Liabilities:				
Amounts held for social services clients	\$ 18,241	\$ 63,363	\$ (64,917)	\$ 16,687
Performance bonds payable	410,304	43,348	(181,096)	272,556
Total liabilities	\$ 428,545	\$ 106,711	\$ (246,013)	\$ 289,243

See accompanying independent auditors' report.

County of Goochland, Virginia

Discretely Presented Component Unit – School Board

**Combining Balance Sheet
Discretely Presented Component Unit - School Board**

Year Ended June 30, 2011

Assets	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Cash and cash equivalents	\$ 1,305,707	\$ 159,712	\$ 1,465,419
Due from other governmental units	1,023,301	41,411	1,064,712
Inventories	-	31,819	31,819
Restricted assets			
Investments	235,659	-	235,659
Total assets	<u>\$ 2,564,667</u>	<u>\$ 232,942</u>	<u>\$ 2,797,609</u>
Liabilities and Fund Balances			
Current liabilities			
Accounts payable	\$ 169,616	\$ -	\$ 169,616
Accrued liabilities	2,139,830	60,720	2,200,550
Long-term liabilities payable from restricted assets			
Due within one year	134,052	-	134,052
Due in more than one year	102,307	-	102,307
Total liabilities	<u>2,545,805</u>	<u>60,720</u>	<u>2,606,525</u>
Fund balances			
Assigned	-	172,222	-
Unassigned	18,862	-	191,084
Total liabilities and fund balances	<u>\$ 2,564,667</u>	<u>\$ 232,942</u>	<u>\$ 2,797,609</u>

Reconciliation of the School Board's Balance Sheet to the Statement of Net Assets (Exhibit 1)

Total fund balances per above \$ 191,084

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	33,809,107
Less - accumulated depreciation	<u>(11,439,019)</u>
	22,370,088
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital lease	(105,404)
Compensated absences	(363,902)
Other postemployment benefits	<u>(564,169)</u>
Net assets of governmental activities	<u>\$ 21,527,697</u>

See accompanying independent auditors' report.

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Discretely Presented Component Unit - School Board**

Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Total Component Unit
Revenues			
Revenue from use of money and property	\$ 54,951	\$ 6	\$ 54,957
Charges for services	-	575,041	575,041
Miscellaneous	11,394	975	12,369
Recovered costs	228,419	-	228,419
Intergovernmental revenues:			
Contributions from County of Goochland, VA	16,382,429	-	16,382,429
Commonwealth	5,479,300	12,121	5,491,421
Federal	1,374,214	319,140	1,693,354
Total revenues	23,530,707	907,283	24,437,990
Expenditures			
Current			
Education	22,989,466	926,523	23,915,989
Debt service:			
Principal retirement	486,704	-	486,704
Interest and other fiscal charges	54,695	-	54,695
Total expenditures	23,530,865	926,523	24,457,388
Deficiency of revenues under expenditures	(158)	(19,240)	(19,398)
Net change in fund balances	(158)	(19,240)	(19,398)
Fund balances - beginning	19,020	191,462	210,482
Fund balances - ending	\$ 18,862	\$ 172,222	\$ 191,084
Net change in fund balances - total governmental funds - per above			\$ (19,398)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because			
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 and transfers of joint tenancy assets in the current period.			
Capital outlay			345,961
Depreciation expense			(1,361,682)
Transfer of depreciation expense related to joint tenancy assets from Primary Governmental			(1,442,810)
Transfer of joint tenancy assets from Primary Government			6,481,422
			4,022,891
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 fund			
Decrease in capital lease			486,704
Increase in other postemployment benefits liability			(175,490)
Decrease in accrued interest payable			38,705
Decrease in compensated absences			30,024
			379,943
Change in net assets of governmental activities			\$ 4,383,436

See accompanying independent auditors' report.

*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board*

Year Ended June 30, 2011

	School Operating Fund				School Cafeteria Fund			
	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Revenues								
Revenue from use of money and property	\$ 20,000	\$ 20,000	\$ 54,951	\$ 34,951	\$ -	\$ -	\$ 6	\$ 6
Charges for services	6,500	6,500	-	(6,500)	1,015,808	1,015,808	575,041	(440,767)
Miscellaneous	24,600	24,600	11,394	(13,206)	-	-	975	975
Recovered costs	-	229,757	228,419	(1,338)	-	-	-	-
Intergovernmental revenues:								
Contributions from County of Goochland, VA	17,430,174	17,468,674	16,382,429	(1,086,245)	-	-	-	-
Commonwealth	5,472,271	5,674,913	5,479,300	(195,613)	-	-	12,121	12,121
Federal	1,595,725	1,937,359	1,374,214	(563,145)	-	-	319,140	319,140
Total revenues	<u>24,549,270</u>	<u>25,361,803</u>	<u>23,530,707</u>	<u>(1,831,096)</u>	<u>1,015,808</u>	<u>1,015,808</u>	<u>907,283</u>	<u>(108,525)</u>
Expenditures								
Current								
Education	24,549,270	25,361,803	22,989,466	2,372,337	1,015,808	1,015,808	926,523	89,285
Debt service:								
Principal retirement	-	-	486,704	(486,704)	-	-	-	-
Interest and other fiscal charges	-	-	54,695	(54,695)	-	-	-	-
Total expenditures	<u>24,549,270</u>	<u>25,361,803</u>	<u>23,530,865</u>	<u>1,830,938</u>	<u>1,015,808</u>	<u>1,015,808</u>	<u>926,523</u>	<u>89,285</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(158)</u>	<u>(158)</u>	<u>-</u>	<u>-</u>	<u>(19,240)</u>	<u>(19,240)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(158)</u>	<u>(158)</u>	<u>-</u>	<u>-</u>	<u>(19,240)</u>	<u>(19,240)</u>
Fund balances - beginning	<u>19,020</u>	<u>19,020</u>	<u>19,020</u>	<u>-</u>	<u>191,462</u>	<u>191,462</u>	<u>191,462</u>	<u>-</u>
Fund balances - ending	<u>\$ 19,020</u>	<u>\$ 19,020</u>	<u>\$ 18,862</u>	<u>\$ (158)</u>	<u>\$ 191,462</u>	<u>\$ 191,462</u>	<u>\$ 172,222</u>	<u>\$ (19,240)</u>

See accompanying independent auditors' report.

County of Goochland, Virginia

Discretely Presented Component Unit – Economic Development Authority

Statement of Net Assets

Discretely Presented Component Unit - Economic Development Authority

Year Ended June 30, 2011

Assets	
Current assets	
Cash and cash equivalents	\$ 580,558
Noncurrent assets	
Due from primary government	2,870,604
Land held for resale	801,100
Capital assets:	
Vehicle	25,330
Less accumulated depreciation	(25,330)
Total capital assets	-
Total noncurrent assets	3,671,704
	\$ 4,252,262
Liabilities	
Current liabilities	
Contractual agreement payable - current portion	\$ 177,000
Long-term liabilities	
Contractual agreement payable - less current portion	2,693,604
Total liabilities	2,870,604
Net assets	
Unrestricted	1,381,658
Total net assets and liabilities	\$ 4,252,262

See accompanying independent auditors' report.

Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Component Unit - Economic Development Authority

Year Ended June 30, 2011

Operating revenues	
Charges for services - bond fees	\$ 20,406
Operating Expenses	
Contractual services	9,573
Other supplies and expenses	2,323
Total operating expenses	<u>11,896</u>
Operating income	8,510
Nonoperating revenues	
Investment earnings	<u>4,864</u>
Change in net assets	13,374
Net assets - beginning of year	<u>1,368,284</u>
Net assets - end of year	<u>\$ 1,381,658</u>

See accompanying independent auditors' report.

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

Year Ended June 30, 2011

Cash flows from operating activities	
Receipts from customers and users	\$ 20,406
Payments for operating activities	(11,896)
Net cash provided by operating activities	<u>8,510</u>
Cash flows from noncapital financing activities	
County contribution	176,688
Retirement of contractual agreement payable	(176,688)
Net cash provided by noncapital financing activities	<u>-</u>
Cash flows from investment activities	
Interest and dividends received	<u>4,864</u>
Net increase in cash and cash equivalents	13,374
Cash and cash equivalents at beginning of year	<u>567,184</u>
Cash and cash equivalents at end of year	<u>\$ 580,558</u>

See accompanying independent auditors' report.

County of Goochland, Virginia

Supporting Schedules

Governmental Funds
Schedule of Revenues - Budget and Actual

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
GENERAL FUND				
Revenue from local sources				
General property taxes:				
Real property tax	\$ 20,505,336	\$ 20,919,336	\$ 21,929,395	\$ 1,010,059
Real and personal PSC tax	533,157	533,157	635,379	102,222
Personal property tax	5,315,601	5,315,601	6,602,018	1,286,417
Penalties	170,000	170,000	265,172	95,172
Interest	100,000	100,000	203,500	103,500
Total general property taxes	26,624,094	27,038,094	29,635,464	2,597,370
Other local taxes:				
Local sales and use tax	2,200,000	2,200,000	1,866,228	(333,772)
Consumer utility tax	350,000	350,000	421,353	71,353
Consumption tax	90,000	90,000	94,893	4,893
Communications tax	950,000	950,000	890,874	(59,126)
Business licensense tax	567,900	567,900	517,418	(50,482)
Motor vehicle licenses	600,000	600,000	590,820	(9,180)
Bank stock taxes	79,000	79,000	99,932	20,932
Taxes on recordation and wills	400,000	400,000	319,326	(80,674)
Total other local taxes	5,236,900	5,236,900	4,800,844	(436,056)
Permits, privilege fees and regulatory licenses:				
Animal licenses	15,000	15,000	25,997	10,997
Land use application fees	2,000	2,000	1,400	(600)
Transfer fees	1,400	1,400	644	(756)
Zoning and subdivision permits	35,000	35,000	32,295	(2,705)
Building permits	200,000	200,000	246,478	46,478
Other permits and licenses	37,000	37,250	49,411	12,161
Total permits, privilege fees and regulatory licenses	290,400	290,650	356,225	65,575
Fines and forfeitures:				
Court fines and forfeitures	75,000	75,000	170,670	95,670
Revenue from use of money and property:				
Revenue from use of money	200,000	200,000	101,552	(98,448)
Revenue from use of property	-	18,330	58,606	40,276
Total revenue from use of money and property	200,000	218,330	160,158	(58,172)
Charges for services:				
Sheriff fees	5,000	5,000	1,839	(3,161)
Commonwealth's Attorney	750	750	1,108	358
Courthouse security	70,000	70,000	53,167	(16,833)
Other court services	15,000	15,000	12,022	(2,978)
Sanitation and waste removal	36,000	36,000	34,529	(1,471)
Parks and recreation	55,000	59,869	86,923	27,054
Community development	18,500	18,500	23,887	5,387
Fire and rescue	-	82,366	82,365	(1)
Total charges for services	200,250	287,485	295,840	8,355

Governmental Funds
Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
GENERAL FUND (continued)				
Revenue from local sources (continued)				
Miscellaneous -				
Miscellaneous revenues	841,826	865,676	152,849	(712,827)
Recovered costs:				
Public assistance refunds	-	3,626	17,994	14,368
TCSO reimbursements	71,100	71,100	70,684	(416)
Other recovered costs	5,500	52,849	45,694	(7,155)
Total recovered costs	76,600	127,575	134,372	6,797
Total revenue from local sources	33,545,070	34,139,710	35,706,422	1,566,712
Revenue from the Commonwealth				
Noncategorical aid:				
Rolling stock tax	55,000	55,000	19,834	(35,166)
Mobile home titling tax	15,000	15,000	11,477	(3,523)
State recordation tax	50,000	53,478	68,606	15,128
Auto rental tax	10,000	10,000	2,605	(7,395)
Personal property tax relief funds	2,853,011	2,853,011	2,853,012	1
Total noncategorical aid	2,983,011	2,986,489	2,955,534	(30,955)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	251,053	251,053	249,487	(1,566)
Sheriff	815,483	815,483	871,136	55,653
Commissioner of Revenue	84,377	84,377	74,582	(9,795)
Treasurer	93,652	93,652	80,218	(13,434)
Medical Examiner	100	100	-	(100)
Registrar/electoral board	40,625	40,625	37,255	(3,370)
Clerk of the Circuit Court	227,757	227,757	237,216	9,459
Total shared expenses	1,513,047	1,513,047	1,549,894	36,847
Other categorical aid:				
Public assistance and welfare administration	523,422	523,422	364,518	(158,904)
Fire programs fund	44,452	45,212	43,137	(2,075)
DMV agent compensation	15,000	15,000	23,808	8,808
Wireless board grant	113,000	263,000	189,515	(73,485)
Four 4 life funds	37,073	38,889	24,278	(14,611)
Fire training grants	-	1,785	3,638	1,853
Victim-witness grant	29,097	29,097	29,097	-
Litter control	-	-	6,500	6,500
Burn building grant	-	10,000	9,305	(695)
Preservation grant	-	4,256	4,256	-
Violence against women grant	-	12,001	27,000	14,999
Total other categorical aid	762,044	942,662	725,052	(217,610)
Total categorical aid	2,275,091	2,455,709	2,274,946	(180,763)
Total revenue from the Commonwealth	5,258,102	5,442,198	5,230,480	(211,718)

Governmental Funds
Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
GENERAL FUND (continued)				
Revenue from the federal government				
Categorical aid:				
Public assistance and welfare administration	793,718	999,729	933,621	(66,108)
Emergency management performance grant	-	2,261	18,074	15,813
Highway safety grant	-	42,500	42,849	349
Other federal funds	-	45,661	0	(45,661)
Total categorical aid	793,718	1,090,151	994,544	(95,607)
Total revenue from the federal government	793,718	1,090,151	994,544	(95,607)
Total General Fund	39,596,890	40,672,059	41,931,446	1,259,387
SPECIAL REVENUE FUNDS				
Revenue from local sources				
Revenue from use of money and property -				
Revenue from use of money	-	-	154	154
Charges for services -				
Foster care reimbursement	-	62,200	59,859	(2,341)
Total revenue from local sources	-	62,200	60,013	(2,187)
Revenue from the Commonwealth				
Categorical aid:				
Comprehensive services	457,912	582,912	551,053	(31,859)
Asset forfeiture funds	-	-	1,773	1,773
VJCCA crime control grant	-	6,544	6,544	-
Total revenue from the Commonwealth	457,912	589,456	559,370	(30,086)
Total Special Revenue Fund	457,912	651,656	619,383	(32,273)
CAPITAL PROJECTS FUND				
Revenue from local sources				
Revenue from use of money and property -				
Revenue from use of money	-	-	1,075	1,075
Miscellaneous:				
Contributions from charitable foundations	-	250,000	250,000	-
Contributions from developers	-	-	139,272	139,272
Total miscellaneous	-	250,000	389,272	139,272
Total revenue from local sources	-	250,000	390,347	140,347
Revenue from the Commonwealth				
Categorical aid -				
Park and ride grant	-	179,500	27,181	(152,319)
Total Capital Projects Fund	-	429,500	417,528	(11,972)
Total County	\$ 40,054,802	\$ 41,753,215	\$ 42,968,357	\$ 1,215,142

Governmental Funds
 Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD				
School Operating Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 12,823	\$ 12,823
Revenue from use of property	20,000	20,000	42,128	22,128
Total revenue from use of money and property	<u>20,000</u>	<u>20,000</u>	<u>54,951</u>	<u>34,951</u>
Charges for services -				
Education	<u>6,500</u>	<u>6,500</u>	-	<u>(6,500)</u>
Miscellaneous -				
Miscellaneous revenues	<u>24,600</u>	<u>24,600</u>	11,394	<u>(13,206)</u>
Recovered costs -				
Comprehensive services behavioral aide reimburseme	-	229,757	228,419	(1,338)
Total revenue from local services	<u>51,100</u>	<u>280,857</u>	<u>294,764</u>	<u>13,907</u>
Revenues from local governments:				
Contributions from County of Goochland, VA	<u>17,430,174</u>	<u>17,468,674</u>	<u>16,382,429</u>	<u>(1,086,245)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	2,454,591	2,503,118	2,554,933	51,815
Basic school aid	2,082,175	2,236,290	2,015,818	(220,472)
Remedial summer education	24,274	24,274	16,671	(7,603)
Gifted and talented	22,462	22,462	21,739	(723)
Remedial education	25,956	25,956	25,120	(836)
Special education	318,464	318,464	308,197	(10,267)
Vocational education	68,385	68,385	66,180	(2,205)
Career and technology education	8,012	8,012	-	(8,012)
School fringes	223,302	223,302	208,686	(14,616)
Homebound education	3,097	3,097	5,505	2,408
Early reading intervention	7,900	7,900	4,861	(3,039)
ISAEF	7,859	7,859	7,859	-
At risk payments	13,644	13,644	13,208	(436)
Governor's school	-	-	5,000	5,000
Technology	180,000	180,000	180,000	-
Mentor teacher program	5,925	5,925	1,068	(4,857)
English as a second language	-	-	6,046	6,046
Textbook payments	26,225	26,225	25,380	(845)
Vocational education equipment	-	-	9,283	9,283
SOL Algebra readiness	-	-	1,246	1,246
Other categorical aid	-	-	2,500	2,500
Total categorical aid	<u>5,472,271</u>	<u>5,674,913</u>	<u>5,479,300</u>	<u>(195,613)</u>
Total revenue from the Commonwealth	<u>5,472,271</u>	<u>5,674,913</u>	<u>5,479,300</u>	<u>(195,613)</u>

Governmental Funds
Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD (continued)				
School Operating Fund (continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	273,631	356,160	264,864	(91,296)
Title VI-B, special education flow-through	559,792	928,533	658,635	(269,898)
Career and Technical Education	29,616	27,233	18,029	(9,204)
Title VI-B, special education preschool	-	9,994	9,994	-
Drug free school	532,083	5,947	5,710	(237)
State fiscal stabilization funds	124,016	154,544	252,177	97,633
Title II, Part D	3,273	6,072	2,865	(3,207)
Title I, Part D	-	92,067	75,332	(16,735)
Title III	-	2,910	18,322	15,412
Title II, Part A, improving teacher quality	73,314	93,384	68,286	(25,098)
Federal education jobs fund	-	260,515	-	(260,515)
Total categorical aid	<u>1,595,725</u>	<u>1,937,359</u>	<u>1,374,214</u>	<u>(563,145)</u>
Total revenue from the federal government	<u>1,595,725</u>	<u>1,937,359</u>	<u>1,374,214</u>	<u>(563,145)</u>
Total School Operating Fund	<u>24,549,270</u>	<u>25,361,803</u>	<u>23,530,707</u>	<u>(1,831,096)</u>
School Cafeteria Fund				
Revenue from local sources:				
Revenue from use of money and property -				
Revenue from use of money	-	-	6	6
Charges for services -				
Cafeteria sales	<u>1,015,808</u>	<u>1,015,808</u>	<u>575,041</u>	<u>(440,767)</u>
Miscellaneous -				
Miscellaneous revenues	-	-	975	975
Total revenue from local services	<u>1,015,808</u>	<u>1,015,808</u>	<u>576,022</u>	<u>(439,786)</u>
Revenue from the Commonwealth				
Categorical aid -				
School food program grant	-	-	12,121	12,121
Revenue from the federal government				
Categorical aid -				
School food program grant	-	-	319,140	-
Total School Cafeteria Fund	<u>1,015,808</u>	<u>1,015,808</u>	<u>907,283</u>	<u>(427,665)</u>
Total discretely presented component unit - School Board	<u>\$ 25,565,078</u>	<u>\$ 26,377,611</u>	<u>\$ 24,437,990</u>	<u>\$ (2,258,761)</u>

See accompanying independent auditors' report.

Governmental Funds
Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2011

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
GENERAL FUND				
General government administration				
Legislative -				
Board of Supervisors	\$ 182,550	\$ 182,550	160,379	\$ 22,171
General and financial administration:				
County Administrator	362,113	362,113	346,166	15,947
Legal services	338,249	349,249	346,036	3,213
Human resources and risk management	69,809	74,809	74,403	406
Commissioner of the Revenue	260,658	260,658	253,902	6,756
Assessor	341,236	330,236	320,432	9,804
Other general and financial administration	(48,500)	241,500	217,607	23,893
Treasurer	363,611	363,611	335,134	28,477
Information systems	511,119	551,449	536,748	14,701
Finance	332,910	367,910	362,672	5,238
Purchasing	131,084	124,084	113,246	10,838
Total general and financial administration	2,662,289	3,025,619	2,906,346	119,273
Board of Elections -				
Registrar	159,467	159,467	121,833	37,634
Total general government administration	3,004,306	3,367,636	3,188,558	179,078
Judicial administration				
Courts:				
Circuit court	32,400	73,868	32,371	41,497
General District Court	11,862	11,862	9,174	2,688
Magistrates	8,032	7,032	3,782	3,250
Sheriff - court services	485,068	485,068	414,670	70,398
Clerk of the Circuit Court	486,085	490,341	486,391	3,950
Total courts	1,023,447	1,068,171	946,388	121,783
Commonwealth's attorney -				
Commonwealth's attorney	456,911	468,912	453,721	15,191
Total judicial administration	1,480,358	1,537,083	1,400,109	136,974
Public safety				
Law enforcement and traffic control:				
Sheriff	2,348,145	2,362,985	2,262,067	100,918
Highway safety commission	-	88,161	91,776	(3,615)
Total law enforcement and traffic control	2,348,145	2,451,146	2,353,843	97,303
Fire and rescue services:				
Fire and rescue	1,618,005	1,771,505	1,647,504	124,001
Emergency planning	98,429	108,529	107,280	1,249
Fire and rescue training center	25,474	35,849	34,317	1,532
Forest fire protection	9,380	9,880	9,853	27
Total fire and rescue services	1,751,288	1,925,763	1,798,954	126,809

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
GENERAL FUND (continued)				
Public safety (continued)				
Correction and detention:				
Confinement and care of prisoners	448,500	748,500	694,029	54,471
Probation office	-	-	1,652	(1,652)
Total correction and detention	448,500	748,500	695,681	52,819
Inspections -				
Building inspections	372,589	390,089	364,210	25,879
Other protection:				
Animal control	179,073	180,073	176,446	3,627
Emergency dispatch services	155,000	155,000	155,000	-
E911 System	753,117	1,073,117	803,827	269,290
Total other protection	1,087,190	1,408,190	1,135,273	272,917
Total public safety	6,007,712	6,923,688	6,347,961	575,727
Public works				
Maintenance of highways, streets, bridges and sidewalks -				
Engineering	-	-	2,047	(2,047)
Sanitation and waste removal -				
Refuse disposal	906,340	906,340	826,124	80,216
Maintenance of general buildings and grounds:				
General properties	957,842	957,842	830,435	127,407
Fairgrounds	20,000	20,000	16,993	3,007
Total maintenance of general buildings and grounds	977,842	977,842	847,428	130,414
Total public works	1,884,182	1,884,182	1,675,599	208,583
Health and welfare				
Health -				
Supplement of local health department	222,492	222,492	202,635	19,857
Mental health and mental retardation -				
Chapter X Board	261,204	261,204	260,543	661
Welfare:				
Public assistance and welfare administration	1,989,361	2,198,998	1,876,890	322,108
Tax relief for the elderly and disabled	-	399,000	401,732	(2,732)
Goochland Free Clinic and Family Services contributor	135,588	136,663	134,732	1,931
Contributions	66,402	66,402	67,511	(1,109)
Other welfare contributions	4,900	4,900	3,320	1,580
Total welfare	2,196,251	2,805,963	2,484,185	321,778
Total health and welfare	2,679,947	3,289,659	2,947,363	342,296

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
GENERAL FUND (continued)				
Education				
Other instructional costs - Contribution to County School Board	17,330,174	17,468,674	16,382,429	1,086,245
Parks, recreation, and cultural				
Parks and recreation - Recreation centers and playgrounds	528,448	553,317	547,824	5,493
Library - Contribution to regional library	390,807	390,807	390,807	-
Total parks, recreation, and cultural	919,255	944,124	938,631	5,493
Community development				
Planning and community development: Planning and zoning	396,292	413,542	406,127	7,415
GIS	150,640	165,640	151,492	14,148
Community development	297,513	297,513	195,425	102,088
Plan review and code enforcement	95,762	95,762	88,600	7,162
Economic development	79,721	86,321	65,354	20,967
Total planning and community development	1,019,928	1,058,778	906,998	151,780
Debt service				
Principal retirement	3,489,272	3,341,272	3,326,315	14,957
Interest and other fiscal charges	1,145,039	1,145,039	1,154,774	(9,735)
Total debt service	4,634,311	4,486,311	4,481,089	5,222
Total General Fund	38,960,173	40,960,135	38,268,737	2,691,398
SPECIAL REVENUE FUND				
Public safety				
Other protection - Drug enforcement	-	125,321	164	125,157
Health and welfare				
Welfare - Comprehensive services act	952,560	1,246,304	1,180,681	65,623
Total Special Revenue Fund	952,560	1,371,625	1,180,845	190,780
COUNTY CAPITAL PROJECTS FUND				
Capital outlays and projects				
School capital projects	-	342,866	91,465	251,401
Former Goochland Middle School building	-	436,044	383,002	53,042
Parks and recreation projects	-	281,794	42,594	239,200
Other capital projects	350,000	756,026	75,389	680,637
Total Capital Projects Fund	350,000	1,816,730	592,450	1,224,280
Total County	\$ 40,262,733	\$ 44,148,490	\$ 40,042,032	\$ 4,106,458

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD				
School Operating Fund				
Education:				
Instruction costs	\$ 17,252,134	\$ 17,984,547	\$ 16,406,918	\$ 1,577,629
Administration, health, and attendance	1,064,289	1,064,289	1,034,088	30,201
Pupil transportation	2,350,394	2,599,394	2,430,781	168,613
Operation and maintenance of school plant	2,462,968	2,316,548	2,257,091	59,457
Technology	1,419,485	1,397,025	860,588	536,437
Total education	<u>24,549,270</u>	<u>25,361,803</u>	<u>22,989,466</u>	<u>2,372,337</u>
Debt service:				
Principal retirement	-	-	486,704	(486,704)
Interest and other fiscal charges	-	-	54,695	(54,695)
Total debt service	<u>-</u>	<u>-</u>	<u>541,399</u>	<u>(541,399)</u>
Total School Operating Fund	<u>24,549,270</u>	<u>25,361,803</u>	<u>23,530,865</u>	<u>1,830,938</u>
School Cafeteria Fund				
Education -				
School food services	1,015,808	1,015,808	926,523	89,285
Total discretely presented component unit - School Board	<u>\$ 25,565,078</u>	<u>\$ 26,377,611</u>	<u>\$ 24,457,388</u>	<u>\$ 1,920,223</u>

See accompanying independent auditors' report.

County of Goochland, Virginia

Statistical Section (unaudited)

Year Ended June 30, 2011

County of Goochland, Virginia

Table 1

Net Assets by Component
Last Nine Fiscal Years

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 6,395,311	\$ 8,950,820	\$ 13,121,243	\$ 2,585,599	\$ 15,099,612	\$ 16,930,704	\$ 18,841,162	\$ 23,380,680	\$ 19,953,566
Unrestricted	18,475,297	18,541,627	18,816,572	32,231,618	25,949,214	28,851,763	23,182,061	19,393,949	20,924,342
Total governmental activities net assets	\$24,870,608	\$27,492,447	\$31,937,815	\$34,817,217	\$41,048,826	\$45,782,467	\$42,023,223	\$42,774,629	\$40,877,908
Business-type activities									
Invested in capital assets, net of related debt	\$ 8,266,002	\$ 8,343,748	\$ 11,124,077	\$ 8,122,553	\$ 11,692,461	\$ 18,898,718	\$ 11,551,649	\$ 9,808,497	\$ 7,691,315
Restricted	890,536	3,692,984	-	-	-	-	-	-	-
Unrestricted	-	-	4,115,997	11,708,773	10,561,829	4,459,567	5,518,352	4,457,566	4,123,505
Total business-type activities net assets	\$ 9,156,538	\$ 12,036,732	\$ 15,240,074	\$ 19,831,326	\$ 22,254,290	\$ 23,358,285	\$ 17,070,001	\$ 14,266,063	\$ 11,814,820
Primary Government									
Invested in capital assets, net of related debt	\$ 14,661,313	\$ 17,294,568	\$ 24,245,320	\$ 10,708,152	\$ 26,792,073	\$ 35,829,422	\$ 30,392,811	\$ 33,189,177	\$ 27,644,881
Restricted	890,536	3,692,984	-	-	-	-	-	-	-
Unrestricted	18,475,297	18,541,627	22,932,569	43,940,391	36,511,043	33,311,330	28,700,413	23,851,515	25,047,847
Total Primary Government net assets	\$34,027,146	\$39,529,179	\$47,177,889	\$54,648,543	\$63,303,116	\$69,140,752	\$59,093,224	\$57,040,692	\$52,692,728

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB #34.

**Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government administration	\$ 1,906,749	\$ 2,646,657	\$ 1,463,110	\$ 2,691,976	\$ 4,034,139	\$ 3,543,975	\$ 3,703,204	\$ 3,788,584	\$ 3,364,513
Judicial administration	1,082,549	1,155,646	1,200,094	1,310,096	1,324,493	1,450,165	1,607,973	1,568,521	1,513,768
Public safety	4,285,886	3,879,464	4,590,417	5,296,234	5,509,715	5,253,389	6,002,676	7,211,154	7,513,474
Public works	1,407,598	1,368,776	1,345,773	3,112,396	1,945,886	2,414,201	2,971,577	1,928,762	1,732,979
Health and welfare	2,678,775	3,053,735	3,105,199	3,087,235	3,345,836	3,273,716	3,894,233	3,997,944	4,112,538
Education	8,310,803	16,246,905	16,173,533	17,608,067	18,782,446	20,406,154	22,230,249	20,890,262	22,136,778
Parks, recreation, and cultural	676,480	716,747	764,196	851,842	897,317	1,091,454	1,176,038	959,783	991,726
Community development	443,948	435,401	538,121	1,142,115	1,153,925	1,320,752	1,206,680	1,163,011	924,947
Interest and other fiscal charges	1,146,987	1,228,005	1,292,586	1,114,183	1,234,746	1,406,465	1,354,281	1,015,677	1,078,901
Total governmental activities expense:	21,939,775	30,731,336	30,473,029	36,214,144	38,228,503	40,160,271	44,146,911	42,523,698	43,369,624
Business-type activities:									
Public utilities	1,013,971	1,020,318	1,211,777	1,793,574	5,686,297	6,551,077	10,380,369	10,168,993	10,064,571
Total Primary Government expenses:	22,953,746	31,751,654	31,684,806	38,007,718	43,914,800	46,711,348	54,527,280	52,692,691	53,434,195
Program revenues									
Governmental activities:									
Charges for services:									
General government	3,750	-	-	-	-	-	-	18,000	-
Judicial administration	755,123	202,660	222,385	216,131	218,918	164,268	63,485	64,192	13,130
Public safety	23,919	1,066,622	1,449,783	1,115,050	1,341,566	578,857	282,823	32,381	163,368
Public works	19,172	24,022	24,336	29,653	33,442	28,983	35,736	25,833	34,529
Health and welfare	-	3,750	5,000	-	-	18,000	-	44,059	59,859
Education	-	-	-	-	-	154,669	-	-	354,115
Parks, recreation, and cultural	53,045	45,363	43,616	56,333	63,583	69,294	74,697	77,420	86,923
Community development	11,719	2,438	4,565	12,318	23,001	200,843	327,729	247,900	-
Operating grants and contributions	3,160,007	2,932,791	3,254,811	3,421,042	3,817,200	3,775,146	3,945,782	3,746,337	3,828,860
Capital grants and contributions	-	57,725	-	-	149,309	171,522	-	155,624	27,181
Total governmental activities revenue:	4,026,735	4,335,371	5,004,496	4,850,527	5,647,019	5,161,582	4,730,252	4,411,746	4,567,965
Business-type activities:									
Charges for services:									
Public utilities	479,792	588,776	603,211	889,966	1,601,136	2,479,214	3,940,435	3,205,803	3,350,912
Operating grants and contributions	625,427	330,525	793,521	617,206	757,004	-	-	-	-
Capital grants and contributions	368,100	-	-	2,579,591	2,820,683	1,263,689	474,120	319,998	351,790
Total business-type activities revenue:	1,473,319	919,301	1,396,732	4,086,763	5,178,823	3,742,903	4,414,555	3,525,801	3,702,702
Total Primary Government program revenue:	5,500,054	5,254,672	6,401,228	8,937,290	10,825,842	8,904,485	9,144,807	7,937,547	8,270,667

Net (expense) / revenue:									
Government activities	(17,913,040)	(26,395,965)	(25,468,533)	(31,363,617)	(32,581,484)	(34,998,689)	(39,416,658)	(38,111,952)	(38,801,659)
Business-type activities	459,348	(101,017)	184,955	2,293,189	(507,474)	(2,808,174)	(5,965,814)	(6,643,192)	(6,361,869)
Total Primary Government net expense	<u>(17,453,692)</u>	<u>(26,496,982)</u>	<u>(25,283,578)</u>	<u>(29,070,428)</u>	<u>(33,088,958)</u>	<u>(37,806,863)</u>	<u>(45,382,472)</u>	<u>(44,755,144)</u>	<u>(45,163,528)</u>

General revenues and other changes in net assets

Governmental activities:

Taxes:									
Property taxes	18,492,525	20,189,634	21,363,398	24,560,288	28,552,925	30,341,072	32,246,409	30,839,772	28,577,269
Local sales and use taxes	-	1,553,036	1,761,650	2,015,699	2,205,379	2,359,158	2,359,776	1,901,294	1,866,228
Consumer utility taxes	-	963,991	1,175,825	1,107,757	740,236	319,706	418,162	418,249	421,353
Communications tax	-	-	-	-	-	1,024,954	865,751	896,132	890,874
Other local taxes	3,659,111	1,581,383	1,931,200	2,308,998	2,731,308	2,213,072	1,763,898	1,647,718	1,622,389
Unrestricted grants and contributions	2,913,805	3,679,571	3,281,318	3,589,667	3,299,021	3,130,576	3,055,367	2,992,216	2,955,534
Unrestricted revenues from use of money and property	551,763	207,580	378,748	802,956	1,488,090	1,029,969	466,093	184,717	161,386
Fines and forfeitures	-	-	-	-	-	-	-	-	170,670
Miscellaneous	655,225	1,062,794	101,996	102,808	118,657	159,142	35,650	451,414	722,591
Transfers	(223,405)	(220,185)	(221,737)	(245,154)	(322,523)	(424,637)	(432,547)	(468,154)	(483,356)
Total governmental activities expense:	<u>26,049,024</u>	<u>29,017,804</u>	<u>29,772,398</u>	<u>34,243,019</u>	<u>38,813,093</u>	<u>40,153,012</u>	<u>40,778,559</u>	<u>38,863,358</u>	<u>36,904,938</u>

Business-type activities:

Taxes:									
Property taxes	606,174	1,207,689	1,204,909	1,689,842	2,048,125	2,529,679	2,862,263	2,994,394	3,051,136
Unrestricted revenues from use of money and property	1,182,131	1,141,932	662,164	363,067	559,790	514,150	358,289	351,471	358,005
Miscellaneous	84,368	411,403	929,577	-	-	23,021	2,110	25,235	18,129
Transfers	223,405	220,185	221,737	245,154	322,523	424,637	432,547	468,154	483,356
Total business-type activities	<u>2,096,078</u>	<u>2,981,209</u>	<u>3,018,387</u>	<u>2,298,063</u>	<u>2,930,438</u>	<u>3,491,487</u>	<u>3,655,209</u>	<u>3,839,254</u>	<u>3,910,626</u>
Total Primary Government	<u>28,145,102</u>	<u>31,999,013</u>	<u>32,790,785</u>	<u>36,541,082</u>	<u>41,743,531</u>	<u>43,644,499</u>	<u>44,433,768</u>	<u>42,702,612</u>	<u>40,815,564</u>

Change in net assets

Government activities	8,135,984	2,621,839	4,303,865	2,879,402	6,231,609	5,154,323	1,361,901	751,406	(1,896,721)
Business-type activities	2,555,426	2,880,192	3,203,342	4,591,252	2,422,964	683,313	(2,310,605)	(2,803,938)	(2,451,243)
Total Primary Government	<u>\$ 10,691,410</u>	<u>\$ 5,502,031</u>	<u>\$ 7,507,207</u>	<u>\$ 7,470,654</u>	<u>\$ 8,654,573</u>	<u>\$ 5,837,636</u>	<u>\$ (948,704)</u>	<u>\$ (2,052,532)</u>	<u>\$ (4,347,964)</u>

County of Goochland, Virginia

Table 3

**Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^(a)
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ 405,907	\$ 7,390,926	\$ 7,854,283	\$ -
Unreserved, undesignated	12,567,979	13,595,905	15,096,268	15,939,797	20,067,007	23,160,450	25,228,969	18,298,631	12,522,344	-
Nonspendable	-	-	-	-	-	-	-	-	-	3,338,836
Restricted	-	-	-	-	-	-	-	-	-	114,244
Committed	-	-	-	-	-	-	-	-	-	2,693,315
Assigned	-	-	-	-	-	-	-	-	-	1,349,452
Unassigned	-	-	-	-	-	-	-	-	-	15,676,774
Total general fund	\$ 12,567,979	\$ 13,595,905	\$ 15,096,268	\$ 15,939,797	\$ 20,067,007	\$ 23,275,450	\$ 25,634,876	\$ 25,689,557	\$ 20,376,627	\$ 23,172,621
All other governmental funds										
Reserved for drug enforcement	\$ 76,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for construction	-	-	-	-	-	-	631,895	-	-	-
Unreserved, reported in:										
Special revenue funds	273,538	378,267	384,636	439,140	478,018	599,573	644,646	143,954	166,214	-
School capital projects	3,001,447	3,756,615	2,130,273	1,915,093	11,312,659	3,798,236	3,872,321	2,186,492	2,339,629	-
Restricted for drug enforcement	-	-	-	-	-	-	-	-	-	129,822
Assigned, reported in:										
Capital projects	-	-	-	-	-	-	-	-	-	1,953,419
Special revenue funds	-	-	-	-	-	-	-	-	-	69,577
Total all other government funds	\$ 3,351,689	\$ 4,134,882	\$ 2,514,909	\$ 2,354,233	\$ 11,790,677	\$ 4,397,809	\$ 5,148,862	\$ 2,330,446	\$ 2,505,843	\$ 2,152,818

^(a) The presentation of fund balance changed in 2011 as a result of the implementation of GASB #54. Prior to 2011, fund balances are reported only as 'Reserved' and 'Unreserved'. Effective 2011, fund balances are reported as described in Note 1 of the notes to the financial statements.

**Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
General property taxes	\$ 23,933,611	\$ 18,910,936	\$ 20,061,179	\$ 21,647,378	\$ 24,622,323	\$ 28,734,527	\$ 30,001,893	\$ 31,816,302	\$ 29,728,457	\$ 29,635,464
Other local taxes	3,502,894	3,659,111	4,098,410	4,868,675	5,432,454	5,676,923	5,916,890	5,407,587	4,863,393	4,800,844
Permits, privilege fees, and regulatory licenses	560,965	592,332	1,064,497	1,447,488	1,112,680	1,339,121	941,957	529,926	267,341	356,225
Fines and forfeitures	75,408	100,952	99,545	112,912	92,885	104,804	105,799	45,601	117,107	170,670
Revenue from use of money and property	475,509	551,763	207,580	378,748	802,956	1,468,616	1,010,495	466,093	184,717	161,387
Charges for services	119,216	173,444	180,813	189,285	223,922	236,585	167,458	208,943	242,444	355,699
Miscellaneous	127,043	655,225	73,797	101,996	102,808	118,657	159,142	25,450	334,307	542,121
Recoverd costs	6,671	262,604	80,612	1,075,564	128,468	361,250	630,172	265,623	227,446	134,372
Intergovernmental:										
Commonwealth	4,848,681	5,153,929	5,304,291	5,557,415	6,000,052	6,262,379	6,127,044	6,142,256	5,894,383	5,817,031
Federal	710,916	919,883	1,365,796	978,714	1,010,657	1,003,151	950,200	858,893	999,794	994,544
Total revenues	34,360,914	30,980,179	32,536,520	36,358,175	39,529,205	45,306,013	46,011,050	45,766,674	42,859,389	42,968,357
Expenditures										
General government administration	2,154,621	2,228,665	2,629,429	2,379,425	2,704,445	3,986,281	3,495,023	3,610,265	3,537,879	3,188,558
Judicial administration	1,004,476	1,038,927	1,124,146	1,152,844	1,239,011	1,291,273	1,330,735	1,487,461	1,470,118	1,400,109
Public safety	3,559,390	3,965,200	3,879,625	4,405,548	5,044,892	4,938,236	5,586,668	5,969,814	6,430,553	6,348,125
Public works	1,495,836	1,154,138	1,705,366	1,427,121	1,492,523	1,963,766	2,311,191	2,598,655	2,062,509	1,675,599
Health and welfare	1,757,715	2,679,547	3,045,390	3,084,270	3,056,395	3,329,775	3,264,094	3,897,632	3,995,451	4,128,044
Education	12,669,148	13,401,485	13,390,743	14,125,046	14,992,911	16,513,476	18,591,193	20,136,653	18,598,005	16,382,429
Parks, recreation, and cuturel	611,877	617,422	651,047	689,358	771,454	826,648	906,674	946,161	880,499	938,631
Community development	424,160	441,984	424,204	598,668	1,141,602	1,254,571	1,365,326	1,506,566	1,321,710	906,998
Capital projects	4,605,131	3,002,725	3,667,711	4,528,492	6,116,242	11,776,510	3,805,931	3,056,652	5,081,761	592,450
Debt service:										
Principal	1,708,759	1,729,468	1,718,213	1,881,654	1,875,109	1,888,302	2,448,648	3,092,169	3,059,922	3,326,315
Interest and other fiscal charges	1,262,524	1,176,094	1,200,051	1,322,661	1,021,135	1,399,077	1,449,219	1,425,488	1,090,361	1,154,774
Total expenditures	31,253,637	31,435,655	33,435,925	35,595,087	39,455,719	49,167,915	44,554,702	47,727,516	47,528,768	40,042,032
Excess (deficiency) of revenues over (under) expenditures	3,107,277	(455,476)	(899,405)	763,088	73,486	(3,861,902)	1,456,348	(1,960,842)	(4,669,379)	2,926,325
Other financing sources (uses)										
Operating transfers in	2,845,125	897,973	2,511,645	4,860,921	2,138,968	4,479,479	2,095,325	2,417,859	5,821,252	5,398,246
Operating transfers out	(3,065,505)	(1,111,378)	(2,731,830)	(5,082,658)	(2,384,122)	(4,802,002)	(2,519,962)	(2,850,406)	(6,289,406)	(5,881,602)
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Long-term debt issued	-	2,490,000	-	-	13,735,324	-	2,499,750	-	-	-
Premium on debt issued	-	-	999,980	-	-	-	-	-	-	-
Total other financing sources (uses)	(220,380)	2,276,595	779,795	(221,737)	13,490,170	(322,523)	2,075,113	(432,547)	(468,154)	(483,356)
Net change in fund balances	\$ 2,886,897	\$ 1,821,119	\$ (119,610)	\$ 541,351	\$ 13,563,656	\$ (4,184,425)	\$ 3,531,461	\$ (2,393,389)	\$ (5,137,533)	\$ 2,442,969
Debt service as a percentage of noncapital expenditures	11.15%	10.22%	9.80%	10.31%	8.69%	8.85%	9.76%	10.11%	9.78%	11.36%

County of Goochland, Virginia

Table 5

***Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years***

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service	Total Taxable Assessed Value	Direct Real Estate Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2002	\$ 1,937,112,700	\$ 149,251,294	\$ 5,845,700	\$ 90,360,946	\$ 2,182,570,640	0.69	\$ 2,182,570,640	100.00%
2003	2,038,721,000	150,703,395	6,661,265	87,732,186	2,283,817,846	0.69/0.70	2,283,817,846	100.00%
2004	2,448,625,583	153,144,096	6,694,869	90,146,769	2,698,611,317	0.70	2,698,611,317	100.00%
2005	2,969,670,934	159,683,190	6,335,942	81,659,312	3,217,349,378	0.70/0.59	3,217,349,378	100.00%
2006	3,144,760,755	198,021,574	6,714,224	101,943,105	3,451,439,658	0.59/0.64	3,451,439,658	100.00%
2007	4,064,303,836	216,235,986	9,074,031	87,951,775	4,377,565,628	0.64/0.53	4,377,565,628	100.00%
2008	5,176,505,515	235,141,920	10,629,142	107,045,905	5,529,322,482	0.53	5,529,322,482	100.00%
2009	4,538,569,000	253,241,328	10,991,246	101,958,404	4,904,759,978	0.53	5,082,384,099	96.51%
2010	4,716,357,200	223,269,562	10,707,945	115,927,483	4,700,768,490	0.53	4,700,768,490	100.00%
2011	4,350,863,500	256,886,512	11,302,821	118,435,658	4,737,488,491	0.53	4,737,488,491	100.00%

Source: Commissioner of Revenue

**Property Tax Rates ⁽¹⁾
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	Direct Rates		
	Real Estate	Personal Property	Machinery and Tools
2002	\$ 0.69	\$ 4.00	\$ 3.75
2003	0.69/0.70	4.00	3.75
2004	0.70	4.00	3.75
2005	0.70/0.59	4.00	3.75
2006	0.59/0.64	4.00	3.75
2007	0.64/0.53	4.00	3.75
2008	0.53	4.00	3.75
2009	0.53	4.00	3.75
2010	0.53	4.00	3.75
2011	0.53	4.00	3.75

⁽¹⁾ Per \$100 of assessed value

**Principal Property Taxpayers
Current Year and the Period Eight Years Prior**

Taxpayer	Type Business	Fiscal Year 2011		Fiscal year 2002	
		Tax Year 2010 Assessed Valuation	% of Total Assessed Valuation	Tax Year 2001 Assessed Valuation	% of Total Assessed Valuation
Capital One Bank	Bank Headquarters	\$136,020,900	2.87%	n/a	n/a
West Creek/WC/GC Land	Land Developers	119,886,300	2.53%	105,617,700	4.84%
Dominion Virginia Power	Public Utility	46,503,100	0.98%	35,090,072	1.61%
Car Max Business Services	Car Sales Headquarters	43,271,100	0.91%	n/a	n/a
Luck Stone Corporation	Rock Quarries	27,163,500	0.57%	8,266,800	0.38%
Pruitt, Richard I	Rock Quarries	27,127,400	0.57%	7,708,200	0.35%
Gotwald, James T	Individual	24,883,100	0.53%	8,596,800	0.39%
Federal Reserve Bank	Bank Headquarters	24,873,300	0.53%	n/a	n/a
Verizon Virginia Inc	Communications	26,667,121	0.56%	23,498,959	1.08%
Markel Properties	Land Holding	20,840,700	0.44%	1,928,600	0.09%
Hermitage Country Club	Country Club	20,295,300	0.43%	10,820,500	0.50%
Virginia Farm Bureau	Insurance	19,537,400	0.41%	19,148,300	0.88%
Earl M Thompson Inc	Developer	17,388,900	0.37%	6,770,000	0.31%
Kinloch Golf Club	Golf Club	16,846,100	0.36%	4,626,200	0.21%
Tuckahoe LLC	Land Developers	16,120,300	0.34%	n/a	n/a
CSX Transportation	Railroad	16,013,880	0.34%	9,472,731	0.43%
Riverstone Group LLP et al	Land Holding	13,901,000	0.29%	n/a	n/a
		\$ 617,339,401	13.03%	\$ 241,544,862	11.07%

Source: Commissioner of Revenue
n/a - did not exist at that time

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

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 26,735,714	\$ 25,196,096	94.24%	\$ 682,415	\$ 25,878,511	96.79%
2003	21,741,755	20,889,121	96.08%	1,498,198	22,387,319	102.97%
2004	23,414,947	23,308,908	99.55%	857,245	24,166,153	103.21%
2005	25,213,859	24,080,550	95.51%	401,209	24,481,759	97.10%
2006	28,886,527	26,931,952	93.23%	683,419	27,615,371	95.60%
2007	30,081,972	29,747,213	98.89%	546,746	30,293,959	100.70%
2008	32,356,079	31,788,486	98.25%	874,431	32,662,917	100.95%
2009	34,446,542	33,008,059	95.82%	1,276,650	34,284,709	99.53%
2010	32,354,376	30,660,959	94.77%	N/A	30,660,959	94.77%
2011	33,609,959	N/A	N/A	N/A	N/A	N/A

Source: Commissioner of Revenue, County Treasurer's office

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Revenue Bonds	Accreted Interest on Revenue Bonds			
2002	\$ 23,315,000	\$ 1,084,443	\$ 3,675,000	\$ -	\$ 28,074,443	3.57%	\$ 1,587
2003	24,405,000	754,976	66,382,167	1,309,954	92,852,097	11.29%	5,116
2004	23,020,000	421,763	66,342,167	2,803,621	92,587,551	10.29%	4,958
2005	21,345,000	215,109	66,302,167	4,373,246	92,235,522	8.87%	4,918
2006	30,430,000	2,600,836	66,232,167	6,033,655	105,296,658	9.26%	5,456
2007	28,860,000	2,282,534	69,007,167	7,767,443	107,917,144	8.95%	5,373
2008	26,760,000	4,433,886	68,582,167	9,598,659	109,374,712	8.43%	5,199
2009	24,715,000	3,801,378	67,997,167	11,524,570	108,038,115	8.31%	5,039
2010	22,615,000	2,841,455	67,397,167	13,551,008	106,404,630	N/A	4,819
2011	20,460,000	1,846,977	66,492,167	15,683,222	104,482,366	N/A	4,782

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

(1) See the Schedule of Demographic and Economic Statistics - Table 11

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2011	\$ 20,460,000	\$ -	\$ 20,460,000	0.43%	\$ 936
2010	22,615,000	-	22,615,000	0.48%	1,024
2009	24,715,000	-	24,715,000	0.50%	1,153
2008	26,760,000	-	26,760,000	0.48%	1,272
2007	28,860,000	-	28,860,000	0.66%	1,495
2006	30,430,000	-	30,430,000	0.88%	1,623
2005	21,345,000	-	21,345,000	0.66%	1,143
2004	23,020,000	-	23,020,000	0.85%	1,268
2003	24,405,000	-	24,405,000	1.07%	1,380
2002	23,315,000	-	23,315,000	1.07%	1,348

Notes:

- (1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5
- (3) Includes all long-term general obligation bonded debt and Literary Fund Loans and excludes revenue bonds

County of Goochland, Virginia
Demographic and Economic Statistics
Last Ten Years

Table 11

Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	21,849	N/A	N/A	41.50	2,443	5.40%
2010	22,078	N/A	N/A	40.50	2,481	6.20%
2009	21,441	1,300,000	61,005	40.00	2,469	6.70%
2008	21,036	1,297,520	61,801	41.40	2,423	3.30%
2007	20,085	1,205,275	58,642	40.50	2,413	2.50%
2006	19,300	1,137,490	56,954	40.50	2,313	2.40%
2005	18,753	1,040,187	54,100	40.50	2,249	3.20%
2004	18,676	899,432	48,160	40.50	2,220	3.30%
2003	18,149	822,335	45,310	40.50	2,115	3.40%
2002	17,689	785,821	44,424	40.50	2,066	3.60%

Source: Bureau of Economic Analysis, Annual school report - prepared by the School Board, www.fedstats.gov
Weldon Cooper Center

N/A - Information not available

**Principal Employers
Current Year and the Period Nine Years Prior**

Employer	Fiscal Year 2011	Rank	% of Total County Employment	Fiscal Year 2002
	Employees			Employees
Capital One	5,600	1	52.13%	n/a
CarMax	987	2	9.19%	n/a
Luck Stone Corporation	331	3	3.08%	200
Virginia Farm Bureau	300	4	2.79%	275
Federal Reserve Bank	200	5	1.86%	n/a
Performance Food Group	180	6	1.68%	unknown
Hermitage Country Club	150	7	1.40%	100
Food Lion	110	8	1.02%	50
Elk Hill Farms	100	9	0.93%	100
Psychiatric Institute of Richmond	100	10	0.93%	100
Benchmark Hospitality	100	11	0.93%	n/a
Kinloch Golf Club	100	12	0.93%	unknown
Ruxton Health at The Meadows	93	13	0.87%	82
Richmond Country Club	90	14	0.84%	50
Veterinary Referral & Critical Care	73	15	0.68%	unknown
J.E. Liesfield Contractor	72	16	0.67%	76
YMCA	65	17	0.61%	n/a
Branscome Richmond	60	18	0.56%	n/a
TKL Corporation	46	19	0.43%	40
Valentine Construction	20	20	0.19%	25
	8,777		81.71%	65

Source: Goochland Community Development Department, Virginia Employment Commission
n/a - did not exist at that time

**Full-time Equivalent County Employees by Function
Last Ten Fiscal Years**

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Government:										
General government	17	17	17	16	22	27	35	35	32	29
Judicial administration	20	20	20	21	22	25	15	12	12	15
Public safety:										
Sheriffs department	33	34	34	33	45	33	33	42	41	38
Fire and rescue	2	3	4	4	5	5	6	16	17	16
Building inspections	6	6	6	6	6	7	9	6	6	4
Animal control	3	3	3	3	2	2	2	3	3	3
Public works:										
General maintenance	6	6	7	7	8	13	12	16	12	11
Landfill	3	3	3	3	3	9	7	7	8	6
Engineering	2	2	5	7	5	5	7	6	6	6
Health and welfare:										
Department of social serv	19	20	20	17	17	18	19	19	20	21
Culture and recreation:										
Parks and recreation	5	5	5	5	5	6	5	2	5	7
Community development:										
Planning	3	3	3	6	7	9	10	11	11	9
Total Government	119	122	127	128	147	159	160	175	173	165
School Board:										
Administration	13	14	15	15	15	18	18	18	21	18
Instructors:										
Elementary school	91	98	89	98	105	97	102	103	87	97
Middle school	39	30	36	34	35	44	41	43	41	47
High school	47	55	61	67	71	52	63	54	49	56
Total School Board	189	197	200	215	226	211	224	218	197	219
Total County	308	319	327	343	373	370	384	393	370	384

Source: Human Resources, IPAL

County of Goochland, Virginia
Operating Indicators by Function
Last Ten Fiscal Years

Table 14

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PUBLIC SAFETY										
Sheriff's department:										
Physical arrests	804	1,095	754	703	903	765	789	661	637	548
Traffic violations	4,753	4,299	5,331	5,003	4,847	4,589	4,228	4,606	5,205	6,299
Civil papers	6,510	7,282	6,036	5,559	5,587	5,756	4,890	5,693	4,951	5,227
Fire and rescue:										
Number of calls answered	2,894	3,146	3,228	3,551	3,198	2,658	2,643	3,414	3,146	2,906
Building inspections:										
Permits issued	327	295	360	393	323	239	156	84	73	37
Animal control:										
Number of calls answers	n/a	n/a	4,061	3,623	2,972	4,015	4,680	5,110	5,020	5,475
CULTURE AND RECREATION										
Parks and recreation:										
After-school program participants	101	90	110	156	128	219	274	227	1,189	1,211
Youth sports participants	201	210	275	232	265	205	310	495	1,100	1,975
COMPONENT UNIT - SCHOOL BOARD										
Education:										
School age poplution										
Elementary school	n/a	933	914	955	981	1,039	1,082	1,207	1,134	1,129
Middle school	n/a	383	366	350	337	321	508	564	583	585
High school	n/a	706	800	851	930	926	763	770	764	729
Free and reduced meals served*	54,180	57,745	60,048	63,008	68,929	104,583	99,088	116,082	128,880	121,302

Source: Individual county departments

*Effective 2007, breakfast is included

n/a - information not available

County of Goochland, Virginia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 15

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government:										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	5	7	6	8	7	5	6	9	6
Public safety:										
Sheriff's department:										
Patrol units	38	42	40	37	43	42	52	50	54	53
Fire and rescue:										
Vehicles	3	3	3	3	3	6	6	9	11	14
Building inspections:										
Vehicles	3	5	6	5	3	3	4	4	4	4
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Public works:										
General maintenance:										
Trucks/vehicles	7	7	7	13	14	16	19	26	18	15
Landfill:										
Vehicles	1	1	1	1	1	4	4	2	2	2
Equipment	2	2	2	2	2	2	2	3	1	1
Sites	1	1	1	1	1	1	2	2	2	2
Health and welfare										
Department of Social Services:										
Vehicles	1	1	5	7	6	6	6	7	6	6
Culture and recreation:										
Parks and recreation:										
Community Centers	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	2	3	4	2	3	3	3	4
Community development:										
Planning:										
Vehicles	1	1	1	1	1	1	2	4	3	1
Education:										
Administration buildings	3	3	3	3	3	1	1	1	1	1
Elementary schools	4	4	4	4	4	3	3	3	3	3
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Vehicles	62	61	63	56	53	53	53	57	57	54
School buses	47	48	57	54	55	64	64	68	68	60

Source: Human Resources/Risk Management, School administration



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**Independent Auditors' 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***

The Honorable Members of the
Board of Supervisors
County of Goochland, Virginia:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Goochland, Virginia (the County) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 6, 2011. Our report was modified to indicate that the County implemented a new accounting standard effective July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, 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. We consider the deficiencies in the County's internal control over financial reporting described in the accompanying Appendix I to be material weaknesses.

Compliance and Other Matters

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

The County's responses to the findings identified in our audit are described in Appendix I. We did not audit the County's response, and accordingly, we express no opinion on it.

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

KPMG LLP

December 6, 2011

Material Weaknesses

Year-end Financial Reporting Closing Process

The County's Director of Finance is responsible for processing the County's financial transactions and reporting the County's yearly financial results through the preparation and issuance of the Comprehensive Annual Financial Report (CAFR). The efficient, effective and timely preparation of the CAFR depends heavily on personnel from various County departments. This process includes closing the County's general ledger, performing appropriate financial analyses and reconciliations of yearly activity, and accumulating the required data to properly prepare the basic financial statements, notes, and supplementary schedules, which are reported within the County's CAFR.

During the fiscal year-end closing and the CAFR audit process, adjustments related to the County's records were identified by KPMG and County management and adjusted by County management. These adjustments were considered material to the County's financial statements by County management and KPMG and were attributable to an incomplete and/or untimely review of general ledger accounts and reconciliations to ensure complete, accurate and proper reporting of transactions, as evidenced by:

- Cash reconciliations over County accounts were not completed timely such that the time lag between month-end and completion of the reconciliations exceeded several months;
- Certain general ledger accounts as of year-end were not reconciled timely, and
- There was not sufficient review of year end account rollforward and accrual calculations in various areas to ensure the completeness and accuracy of entries recorded at year-end to fairly present the assets, liabilities, revenue and expenditures/expenses of the County.

Based upon review of documentation provided and discussions with County personnel, the errors were caused by a combination of factors including:

- The County lacks personnel with adequate knowledge of U.S. generally accepted accounting principles (GAAP) and CAFR reporting;
- Although the County engaged the services of an external certified public accountant in drafting of the financial statements and the CAFR, a thorough management review of schedules and calculations prepared to support year end balances did not consistently occur on a timely basis, and
- While the County made progress in formally documenting policies and procedures to ensure complete, accurate, and proper accrual and presentation of all financial transactions, the timing of preparation did not allow for sufficient time to implement such policies and procedures before the end of the 2011 fiscal year.

We also observed that:

- The current number of finance personnel (including staff from the County Administration, the Schools Administration, the Treasurer's Office, and the Commissioner of Revenue's Office) and their skill sets are not sufficient for an entity the size and complexity of the County;
- County departmental and component unit personnel do not have sufficient ongoing training specific to governmental GAAP, including an understanding of the preparation of the CAFR, and

- The County made improvements in developing sufficient policies and procedures detailing the responsibilities of personnel for the preparation of the CAFR, including a specific timeline for its development; however, the County should focus efforts going forward on adding a formal process in place to monitor the various departments’ adherence to the timeline.

We recommend the following actions to strengthen the year-end financial reporting closing process:

- Assess staffing levels and make the hiring of any additional finance personnel a mission critical objective (KPMG observed that two potentially critical positions were vacant during the latter part of the fiscal year and throughout the audit process);
- Conduct periodic training sessions to enhance governmental GAAP knowledge utilizing various sources and/or venues (e.g., industry-sponsored events (VaGFOA, VaSBO), webcast/webinars and KPMG-facilitated onsite training), and
- Analyze financial systems infrastructure (including staff training across departments) currently supporting the financial reporting function to determine what changes can be made to more effectively and efficiently support the general ledger closing and CAFR preparation processes.

Views of Responsible Officials:

- Contact Person: John Wack, Deputy County Administrator for Financial Services
- Corrective Action – Management concurs with this finding, particularly as it relates to the majority of the fiscal year ending June 30, 2011. A new Treasurer took office during the latter part of the fiscal year, initiating a number of trainings and enhancing internal controls. Training and cross-training among County and Schools staff has also occurred during the past year, including onsite sessions with BAI Accounting representatives (regarding the general ledger system).

Particular emphasis will be made in regards to the accounting skill set of future recruitments of currently vacant positions in the Treasurer’s Office and the Department of Finance, as well as for any turnover that might occur among current staff. Improving the timeliness and accuracy of monthly reconciliations of general ledger accounts, especially as related to schedules and calculations related to fiscal year-end closing, will be a primary goal for the upcoming year.

Lack of Segregation of Duties and Functioning Controls – Treasurer’s Office

The County Treasurer’s Office, on a monthly basis, processes payments related to customer accounts for various taxes, intergovernmental revenues and other miscellaneous receipts, and prepares cash reconciliations over related accounts to ensure the safeguarding of County assets and the complete and accurate reporting of related activity. To ensure that all transactions are processed completely and accurately, the Treasurer’s Office should have well developed accounting policies and procedures. These procedures must be effectively performed by personnel and established in such a way so as to provide for appropriate segregation of duties with regard to the safeguarding of County assets.

During the audit, we determined that adequate segregation of duties did not exist within the Treasurer’s office during the majority of the fiscal year, under the leadership of the former Treasurer. This lack of segregation of duties and sufficient policies and procedures was evident in the publicized embezzlement investigation of the County’s former Treasurer during the fiscal year. For example, we noted the former Treasurer had:

- the ability to initiate, approve and post wire transfers without a secondary review and approval, and

- access to post entries to the general ledger system and assisted in the preparation of cash reconciliations for certain bank statements on a monthly basis.

Based upon review of documentation provided and discussions with County personnel, the following causes included:

- Routine procedures have not been effectively delegated among County staff to appropriately segregate duties to increase the efficiency and effectiveness of operations, and
- Lack of sufficient training and staff knowledge with regard to financial accounting and reporting.

We recommend that the current Treasurer continue to implement the recommendations of the Commonwealth of Virginia's Auditor of Public Accountants (APA) as detailed in their Report on Treasurer's Turnover published April 25, 2011. Coupled with those related steps, we recommend that the current Treasurer continue to review operating processes and procedures to identify any areas where steps and/or actions can be delegated to other County staff, including but not limited to segregating responsibility for initiating, approving and posting wire transfers and independently verifying the accuracy of monthly cash balances.

Views of Responsible Officials:

- Contact Person: John Wack, Deputy County Administrator for Financial Services
- Corrective Action – Management concurs with this finding, particularly as related to the majority of the past fiscal year. A new Treasurer took office during the latter part of the fiscal year, and has subsequently implemented a number of the recommendations from the Auditor of Public Accounts as noted above, in terms of increasing staff knowledge with regard to financial accounting and reporting, establishing segregation of duties, enhancing the reconciliations of cash accounts to the County's general ledger, etc. These improvements were highlighted in a 5 page written response from the new Treasurer dated 6/22/11 which was incorporated within the described APA Report on Treasurer's Turnover. The County Administration will encourage the Treasurer's Office to continue to develop accounting policies and procedures for staff in that office while maintaining an appropriate segregation of duties between employees.

More specifically, secondary approval for wire transfers initiated by the Treasurer by the Deputy County Administrator is planned for future transactions. Staffing levels will continue to be assessed, with emphasis on the accounting skill set of future recruitments of currently vacant positions in the Treasurer's Office and the Department of Finance, as well as for any turnover that might occur among current staff.