

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009



COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF YORK, VIRGINIA

For the Fiscal Year Ended June 30, 2009

Prepared by the Department of Financial and Management Services,
Division of Budget and Financial Reporting

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COUNTY OF YORK, VIRGINIA
 Comprehensive Annual Financial Report
 June 30, 2009

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COUNTY ADMINISTRATOR

James O. McReynolds



BOARD OF SUPERVISORS

Walter C. Zaremba
District 1
Sheila S. Noll
District 2
Donald E. Wiggins
District 3
George S. Hrichak
District 4
Thomas G. Shepperd, Jr.
District 5

November 9, 2009

The Board of Supervisors
County of York, Virginia

Dear Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report of the County of York for the fiscal year ended June 30, 2009, as required by the Code of Virginia. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP), the standards of financial reporting prescribed by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and the Auditor of Public Accounts of the Commonwealth of Virginia. The independent certified public accounting firm of Cherry, Bekaert, & Holland, L.L.P., has audited the financial statements, and their opinions are contained within this report.

Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the County; and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial activity have been included.

The County government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of Federal awards, findings and questioned costs, and auditors' reports on internal control and compliance with applicable laws and regulations, are included in the compliance section of this report.

The County, as a separate and distinct political entity, provides a wide range of municipal services as contemplated by statute. Major functions include general government services, judicial services, public safety, environmental and development services, finance and planning, education, human services, general services, and community services. In addition, the County operates and maintains a solid waste disposal program and water and sewer utility systems, which service geographically dispersed areas of the jurisdiction.

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A Hampton Roads Community

The County has included in its financial statements three discretely presented component units. Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The component units are the York County School Division, the Economic Development Authority of York County, and the Marquis Community Development Authority.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors, beginning on page C-1 of this report.

PROFILE OF THE GOVERNMENT

The County is located in the Virginia coastal plain on the peninsula formed by the James and York Rivers and the Chesapeake Bay. The County has a land area of 108 square miles and is bounded by James City County and the Cities of Poquoson, Hampton, Newport News, and Williamsburg, and by the York River. The County land area is effectively split into two distinct sections by a large area of federal landholdings, including the Coast Guard Training Center, the Colonial National Historical Park, and the U.S. Naval Weapons Station. In addition, the U.S. Navy's Cheatham Annex, the U.S. Army's Camp Peary, and the U.S. Air Force's Bethel Manor Housing Complex (Langley Air Force Base) with its associated reservoir bring the total federal landholdings in the County to approximately 40%. There are no incorporated towns within the County. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Established in 1634, the County has played a role in the development of this nation in that it was the location of the culminating battle of the Revolutionary War and the subsequent surrender of Lord Cornwallis and his British army on October 19, 1781.

The County is organized under the traditional form of government (as defined under Virginia Law). The governing body of the County, the Board of Supervisors, establishes policies for the administration of the County. The Board of Supervisors comprises five members: one member from each of five districts, elected for a four-year term by the voters of the district in which the member resides. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County.

The County provides a full range of services, including law enforcement and fire protection. The County also is financially accountable for the legally separate School Division, Economic Development Authority, and Community Development Authority, all of which are reported separately as discretely presented component units within the County's financial statements. Additional information on each of these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. All departments and agencies of the County are required to submit requests for appropriation to the County Administrator during November and December of each year. The County Administrator uses these requests as a starting point for developing a proposed budget for presentation to the Board of Supervisors for review in February. The Board of Supervisors is required to hold public hearings on the proposed budget and to adopt a final budget by no later than May 1. The budget is prepared by fund and function (e.g. public safety). The County Administrator may make transfers of appropriations within a function.

Transfers between functions require the prior approval of the Board of Supervisors. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

For the general fund and the tourism fund, a major governmental fund, this comparison is presented on pages G-2 through G-7 as part of the required supplementary information other than management's discussion and analysis. For governmental funds with appropriated budgets, other than the general and tourism funds, this comparison is presented in the other supplementary information subsection of this report, which starts on page H-2.

ECONOMIC CONDITION AND OUTLOOK

During the year ended June 30, 2009, York County felt the impact of the national and state economic recession. Local revenue was lower than had been budgeted. Although the housing market in York County has not experienced the significant downturn that other parts of the country have seen, real estate tax revenues are down when compared to budget. Sales prices have fallen slightly; but more significantly, houses are staying on the market much longer, and there have been fewer sales than in prior years. The decline in the number of home sales has also resulted in a reduction in the revenue collected for recordation taxes. Fewer new car purchases resulted in a significant decline in the amount of personal property tax revenue collected. York County relies heavily on the tourist and travel industry, and the high cost of fuel and the recession have combined to result in a decline in transient occupancy taxes, meals taxes, and local sales taxes. Through careful monitoring of both revenues and expenditures, mid-year corrections were made to County spending, including delays in filling vacant County positions, to ensure the County would end the fiscal year in sound financial condition.

At \$125.2 million, the fiscal year 2010 adopted budget is 3.4% lower than the fiscal year 2009 budget. The savings were achieved through a continuation of the hiring freeze, delay of certain capital items and other major purchases, and a freeze on the County pay plan. The 2010 budget does not include any staff lay-offs and does not propose to use undesignated fund balance. We believe that conservative fiscal policy of the Board of Supervisors and County management will enable the continued provision of the same high level of government service that has come to be expected of York County. Further, these conservative policies will enable York County to emerge from the recession in a strong financial position.

MAJOR INITIATIVES

During the formulation of the fiscal year 2009 budget, the Board of Supervisors directed that the governmental emphasis be focused on maintaining a high level of support for the operation and construction of the schools, public safety, economic development, continued maintenance and extension of municipal water and sewer service, continued maintenance and upgrade of the County stormwater system, and the capital improvements program of the County. Accordingly, this direction was translated into a number of specific projects to which major portions of the available resources were allocated.

Operations

The Comprehensive Plan, titled *Charting the Course to 2025*, provides a long-range plan for the physical development of the County. The current plan was adopted in 2005 after an extensive review process involving citizens and civic and business groups, the Planning Commission, and the Board of Supervisors. State law requires that a locality's comprehensive plan be reviewed every five years.

The goals and initiatives discussed in the current plan include encouraging quality commercial growth, supporting of the County's School division, purchasing conservation easements and environmentally sensitive lands, developing new recreational facilities, beautifying major entrances and commercial corridors including placing existing overhead utilities underground, construction of bicycle and pedestrian improvements leveraged with local funding, continued modernization and improvement of the County's emergency response and management capabilities, and upgrading the technology available to County students and citizens.

Economic Development

The Board of Supervisors has continued to place a strong emphasis on economic development. In light of the recession gripping the country, York County maintained a relatively robust local economy in fiscal year 2009.

The Office of Economic Development (OED) heightened its focus on assisting the existing business community due to the difficult business environment. The York County Business Improvement Zone (BIZ) is a new comprehensive outreach program designed by the OED, in cooperation with the Department of Environmental & Development Services (EDS). This program will provide York County businesses with the information and resources they need to succeed, thrive, and grow. The program offers many elements, but most important are the webpage that contains a complete list of valuable resources, forms, and contacts for new or growing businesses. In addition, it includes; an expanded business visitation program; monthly roundtable meetings with OED staff, a representative from the York County Board of Supervisors, and officers of the York County Chamber of Commerce to discuss current business concerns and ideas; and a Development Facilitator on staff within EDS to explain and facilitate the planning, permitting, and inspection processes for local businesses and developers. In June the Economic Development Authority (EDA) revamped and re-launched the York County E-Commerce Grant Program, which offers matching grant funds to any York County business that would like to establish or enhance their online presence. The EDA also sold five acres in the York River Commerce Park to Spain Commercial for the construction of a 40,000 square foot office/flex space facility. This development will also provide infrastructure for an adjacent five acres that the EDA is actively marketing.

The County's largest retail development "The Marquis" has been delayed. However, five major retailers, JC Penney, Kohl's, Dick's Sporting Goods, Best Buy, and Target, totaling almost 500,000 sq. ft., were open by the end of calendar year 2008. The present owner is in negotiations with a buyer for the entire development. The County is providing information as requested throughout the due diligence period and will work closely with the new owner/developer to help ensure the project is completed.

The Bypass Road area in the upper end of the County continued to redevelop in FY2009 as a new Hampton Inn was completed; a new Comfort Inn is nearing completion; and Heritage Commons, an assisted living facility, is also nearing completion.

In the lower end of the County, Route 17, often referred to as the County's "main street," continues to undergo revitalization. The Route 17 commercial corridor remained active, as a new Walgreens is nearing completion on the corner of Route 17 and Victory Boulevard. The developer is constructing an entrance off Victory Boulevard that will serve Walgreens and an adjacent 4-acre parcel. A local developer is seeking tenants for a proposed 25,000 sq. ft. retail center on the 4-acre parcel. A new CVS Pharmacy is currently under construction on the corner of Route 17 and Lakeside Drive in the Heritage Square Shopping Center. The project caused the demolition of an old 7-11, a former Pizza Hut, and an old wing of the Heritage Square shopping center.

Industrial projects include Western Refining's construction of a new fire house, laboratory, and processing unit. These improvements represent an investment of over \$175 million. Philip Morris completed its 38,000 square foot expansion to its existing facility on Merrimac Trail and began manufacturing of their new smokeless tobacco product. This expansion will ultimately result in approximately 180 new full-time positions with an average annual salary of \$52,000.

Capital Improvements Program

Growth in the County's population is projected to continue an upward trend. Along with this growth, the County can anticipate an increased demand for government services. The County's six-year capital improvements program (CIP) indicates that a major emphasis will continue to be placed on expansion of water and sewer facilities, school facilities, maintenance of buildings, and improvement of stormwater facilities. During 2009 the County completed and opened its new Athletic Field Complex near the Harwoods Mill Reservoir. The complex includes 13 playing fields (soccer, baseball, and softball) along with walking trails and other amenities. The 2009 CIP also included satellite additions to two fire stations.

Continued projects within the Yorktown Capital Improvements Program include the following:

- Utility Undergrounding - to improve aesthetics by placing existing overhead utilities underground in other highly visible areas in Historic Yorktown.
- Streets, Walkways, and Drainage - to improve drainage, enhance existing or add new walkways, improve street surfaces, enhance pedestrian lighting and improve signage.

Stormwater Maintenance Program

The stormwater maintenance program continues to address ongoing drainage maintenance within County easements. The stormwater capital improvements program includes the Brandywine subdivision, Moore's Creek, Greensprings, Terrebonne, the County Operations Center, Claxton Creek, Wormley Creek Headwaters, and Marlbank Cove Ravine.

Water and Sewer Projects

Major planned water construction projects include Old Quaker Estates and the Lightfoot Newport News Waterworks Water Extension. Major sewer construction projects in the County's Capital Improvements Program include Queen's Lake, Wolftrap, Falcon/Loblolly area, Acree Acres Area, Darby/Firby Area, Waterview, Hornsbyville, Old Wormley Creek, and Oak/Dogwood.

School Division

Yorktown Elementary School - Classrooms

The construction of 10 additional classrooms began at Yorktown Elementary School to meet the demand by new subdivisions in this zone.

Regional and Joint Cooperation

Regional Jail

Along with James City County and the Cities of Williamsburg and Poquoson, the County is a member of the Virginia Peninsula Regional Jail Authority. The Authority was created in 1993 for the purpose of constructing and operating a single jail for the participating localities. The project was developed to relieve the severely overcrowded conditions at existing facilities in the County and other jurisdictions.

Juvenile Jail Facility

A regional coalition was created involving 16 counties and 2 cities, of which the County is a voting member, to secure a juvenile detention facility. A 48-bed facility was opened in December 1997 to meet the demand for secure juvenile detention placements among the member jurisdictions.

Other Projects

The County will continue to participate in a number of entities intended to address regional activities such as transportation, economic development, and planning. The number of studies and planning projects done regionally will likely increase over time as localities within Hampton Roads recognize their shared future. The design, procurement, and operation of the Communications System Upgrade project is a joint venture with James City County.

FINANCIAL INFORMATION

The County's accounting records for general governmental operations are maintained on the modified accrual basis. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when the goods and/or services are received or related fund liability is incurred. Accounting records for the County's enterprise (utility systems) and internal service (motor vehicle pool) funds are maintained on the accrual basis.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are a system of methods, practices, and procedures designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived therefrom; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the County's system of internal accounting control adequately safeguards assets and provides reasonable assurance for the proper recording of financial transactions. Budgetary controls are maintained to ensure compliance with the budget approved by the Board of Supervisors. The approved budget is used as a tool to monitor general government expenditures within the limits adopted by the Board. Encumbrances are used to reserve a portion of the applicable appropriation for purchase orders, contracts, and commitments of the County. Open encumbrances are reported as reservations of fund balances at year-end.

POLICIES

Two policy decisions had a significant impact on financial operations in 2009. First, as the County moved toward implementation of GASB 45, the County elected to fund other post-employment benefits through an internal service fund rather than in an irrevocable trust fund. This was a difficult decision as there are advantages and disadvantages to each option; ultimately, it was decided that the more prudent option was to retain cash to allow more flexibility due to the current uncertainties of the economy. As the economic situation improves, this decision will be periodically revisited to determine if cash should be moved into an irrevocable trust fund.

The other policy decision that was made mid-year and continues through the date of this report is also related to the economic situation. As revenues began to decline in the early months of fiscal year 2009, steps were taken to reduce expenditures. By mid-year, a 90-day hiring freeze was implemented on positions that became vacant to generate personnel savings. After the 90-day period lapses, the County Administrator's written approval must be obtained before the position can be advertised. Savings generated from the hiring freeze were a significant factor in reducing expenditures to the level of the reduced revenue, without using fund balance. It is anticipated that the freeze will continue through the remainder of fiscal year 2010 to offset continuing declines in revenue.

INDEPENDENT AUDIT

The Code of Virginia and the Commonwealth's Auditor of Public Accounts require an annual audit of the books of account, financial records, and the transactions of all administrative departments, agencies, and activities of the County by an independent certified public accountant selected by the Board of Supervisors. This requirement has been complied with and the report of independent auditors has been included in the financial section of this report.

In addition to meeting the requirements set forth in State statutes and regulations, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The reports of independent auditors, which relate specifically to the single audit, are also included in the compliance section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of York, Virginia, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the 23rd consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

DISTINGUISHED BUDGET PRESENTATION

The Government Finance Officers' Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the County of York, Virginia, for its annual budget for the fiscal year beginning July 1, 2009. In order to receive this award, a governmental entity must publish a budget document that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

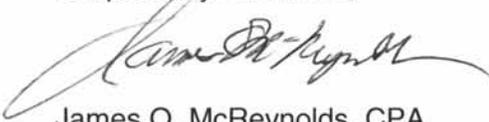
This award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements and we are submitting it to the GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the Department of Financial and Management Services, especially the Division of Budget and Financial Reporting, the Office of the Treasurer, the School Division, and the York/Poquoson Department of Social Services. I would like to express my appreciation to all of the members of these staffs who assisted and contributed to its preparation.

I would also like to thank the members of the Board of Supervisors who, both individually and collectively, provided the guidance and support essential to the conduct of the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



James O. McReynolds, CPA
County Administrator



Marycarol C. White, CPA, CPFO
Director of Financial and Management Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of York
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

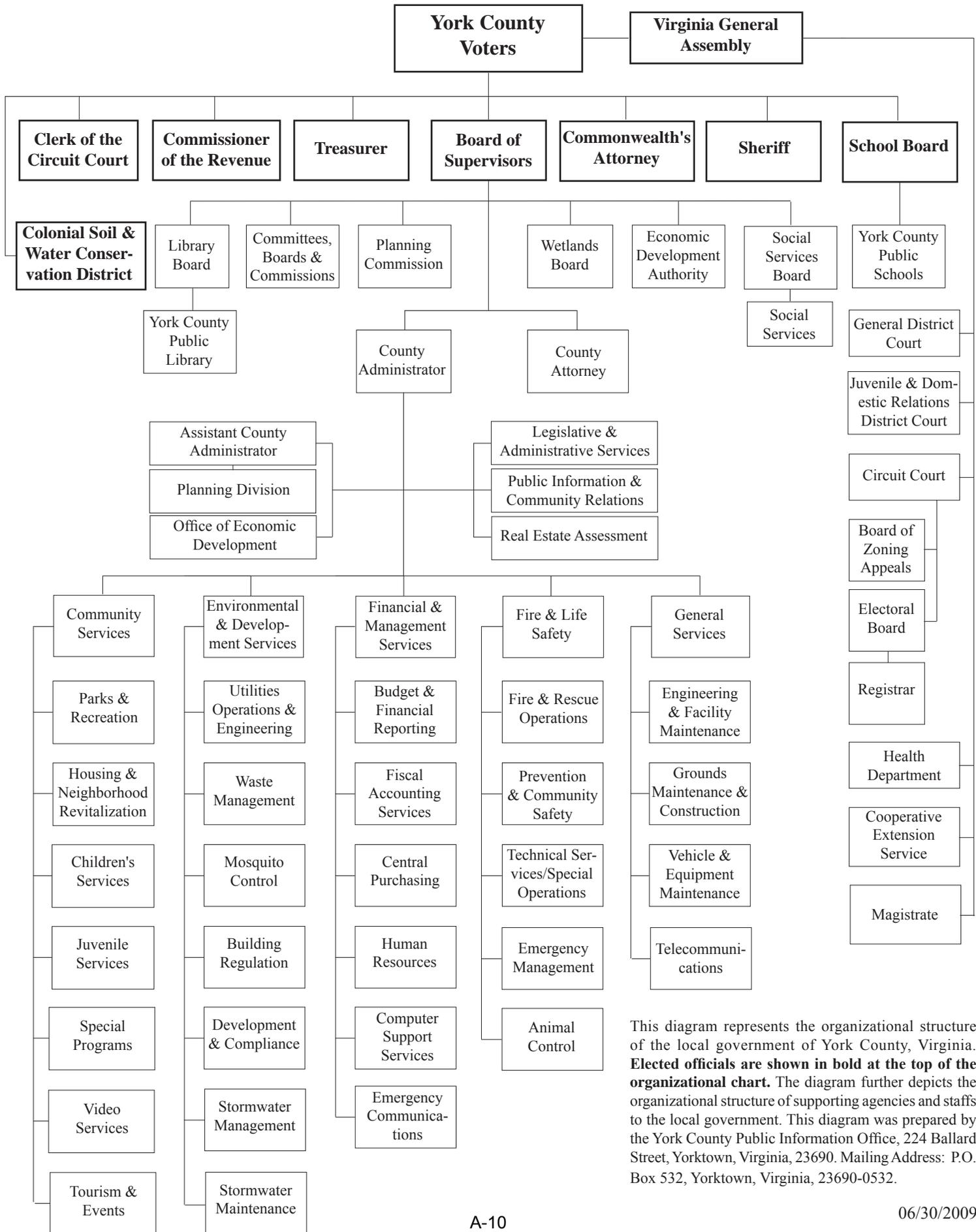
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Organizational Diagram of York County Government



This diagram represents the organizational structure of the local government of York County, Virginia. **Elected officials are shown in bold at the top of the organizational chart.** The diagram further depicts the organizational structure of supporting agencies and staffs to the local government. This diagram was prepared by the York County Public Information Office, 224 Ballard Street, Yorktown, Virginia, 23690. Mailing Address: P.O. Box 532, Yorktown, Virginia, 23690-0532.

COUNTY OF YORK, VIRGINIA
Principal Officials
For the Fiscal Year Ended June 30, 2009

Board of Supervisors

Walter C. Zaremba, Chairman
Donald E. Wiggins, Vice-Chairman
Sheila S. Noll
George S. Hrichak
Thomas G. Shepperd, Jr.

Constitutional Officers

Clerk of the Circuit Court
Commissioner of the Revenue
County Treasurer
Commonwealth's Attorney
Sheriff

Lynn S. Mendibur
Ann H. Thomas
Deborah B. Robinson
Eileen M. Addison
J. D. Diggs

County Officials

County Administrator
County Attorney
Assistant County Administrator
Director of Financial and Management Services
Director of Community Services
Director of Environmental and Development Services
Director of General Services
Fire Chief

James O. McReynolds
James E. Barnett
J. Mark Carter
Marycarol C. White
Anne B. Smith
John Hudgins
Robert L. Peters
Stephen P. Kopczynski

School Board

Linda S. Meadows, Chair
Mark A. Medford, Vice-Chair
Robert W. George, DDS
Barbara S. Haywood
R. Page Minter

School Officials

Superintendent of Schools
Chief Academic Officer
Chief Financial Officer
Chief Human Resources Officer
Chief Operations Officer
Director of Academic Services and Educational Technology
Director of Curriculum and Student Achievement
Director of Information Technology
Director of School Administration
Director of Student Services

Dr. Eric S. Williams
Dr. Lucia V. Sebastian
Dennis R. Jarrett, CPA, CPFO
Dr. James R. Tucker
Dr. Carl L. James
Dr. Stephanie L. Guy
Dr. Alice E. Koziol
Douglas E. Meade
Dr. Catherine L. Jones
Dr. Bondy S. Gibson

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Independent Auditors' Report

The Honorable Members of the Board of Supervisors
County of York, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of York'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 Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis at C-1 through C-13, the budgetary comparison schedules for the general and tourism special revenue funds, and other schedules at G-2 through G-10 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 this information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 09, 2009 on our consideration of the County of York's internal control over financial reporting and 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of York's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The combining and individual nonmajor fund statements and schedules, including the schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
November 09, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of York's (the "County's") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter on pages A-1 through A-8 at the front of this report and the County's basic financial statements, which begin on page D-1.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2009 (FY2009)

- The assets of the County, on a government-wide basis excluding component units, exceeded its liabilities as of June 30, 2009 by \$167,195,489 (net assets). Under Virginia law, School Divisions hold title to all school property and local governments incur financial obligations for school property. The assets are reported on the School Division's Statement of Net Assets and the related debt is reported on the County's Statement of Net Assets. This presentation of showing \$60,064,486 in school debt without the related assets resulted in unrestricted net assets of \$11,031,495.
- The County's total net assets decreased by \$398,433. The total net assets for governmental activities increased by \$3,175,846, which is attributable to increases in revenues from property taxes. Business-type activities decreased by \$3,574,279, which is attributable to donating County water systems to a local water purveyor, Newport News Waterworks.
- As of June 30, 2009, the County's governmental funds reported combined ending fund balances of \$66,971,967, an increase of \$13,478,597 over the prior year. Debt proceeds of \$17,230,000 to fund capital projects were a main contributor to the increase. Unreserved, undesignated fund balance totaled \$4,278,273 and is available for spending at the County's discretion.
- As of June 30, 2009 unreserved and undesignated fund balance for the General fund was \$15,547,246, or 14.7% of total General fund expenditures.
- The County's noncurrent liabilities at June 30, 2009 were \$110,576,962, which is an increase of \$20,494,182 from the prior year. The key factors in this increase were the issuance of \$5,400,000 general obligation bonds for classroom additions at Dare, Magruder and Yorktown Elementary Schools; the issuance of \$17,230,000 lease revenue bonds for the construction of the Sports Field Complex and additions to two fire stations; a capital lease for the Supervisory Control and Data Acquisition (SCADA)/alerting system upgrade at pump stations as well as the alarm systems at the fire stations; and the net other-post employment benefits obligation, offset by principal repayments of other debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report consists of three (3) sections: introductory, financial and statistical. The financial section includes the basic financial statements consisting of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Statements - The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a private-sector business. One of the most frequently asked questions about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question.

These statements include all of the assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and the changes in them. One can think of the County's net assets - the difference between assets and liabilities - as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net assets is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors will need to be considered, such as changes in the County property tax base, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, the County is divided into three kinds of activities:

- Governmental activities - Most of the County's basic services are reported here, including general government, judicial services, public safety, environmental and development services, finance and planning, education, human services, general services, and community services. Property taxes, other local taxes, and state and federal grants finance most of these activities.
- Business-type activities - The County charges a fee to customers to help cover the majority of the costs of services it provides. The County's water and sewer utilities, solid waste, Yorktown operations, the two Sanitary Districts, and Regional Radio System operations are reported here.
- Component units - The County includes three separate legal entities in its report - the York County School Division, the Economic Development Authority of York County and the Marquis Community Development Authority. Although legally separate, the County is financially accountable for the component units and provides operating and capital funding.

The government-wide financial statements can be found on pages D-1 through D-2 of this report.

Fund Financial Statements - Traditional users of government financial statements will find the fund statement presentation more familiar, although the focus is only on the County's most significant funds. The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The County has three kinds of funds:

- Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view of the County's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the future to finance the County's programs. Because this information does not address the long-term focus of the government-wide statements, additional information is provided after the governmental funds statements that explains the relationship (or differences) between the fund financial statements and the government-wide financial statements. The basic governmental fund financial statements can be found on pages E-1 through E-4 of this report.

The County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Tourism special revenue fund, and Yorktown Capital Improvements and County Capital project funds, all of which are considered to be major funds.

Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages H-2 through H-6 of this report.

- Proprietary funds - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

In fact, the County's enterprise funds (one type of proprietary fund) are its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flow. The basic proprietary fund financial statements can be found on pages E-5 through E-7 of this report. The County maintains eight individual enterprise funds. Information is presented separately in the proprietary fund statement of net assets, the proprietary fund statement of revenues, expenses and changes in fund net assets and the proprietary fund statement of cash flows for the Sewer Utility fund, which is a major fund. Data for the other seven enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements on pages I-2 through I-4 of this report.

The County uses two internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities. The Vehicle Maintenance fund provides for the accumulation of resources to replace capital equipment and maintenance services for the County's vehicle fleet and the Other Post-Employment fund (OPEB) accounts for subsidy payments for eligible retirees of the County towards health insurance coverage in a plan sponsored by the County. The internal service funds are presented as a separate column in the proprietary fund financial statements, on pages E-5 through E-7 of this report. Individual fund data for each of these internal service funds is provided in the form of combining statements on pages J-2 through J-4 of this report.

- Fiduciary funds - All of the County's fiduciary activities are reported in separate agency fund statements of assets and liabilities and changes in assets and liabilities. The County excludes these activities from the County's government-wide 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 the custodian.

The Statement of Assets and Liabilities - Agency Funds can be found on page E-8 of this report. Individual fund data for the agency funds is provided in the form of combining statements on pages K-2 through K-3 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages F-1 through F-34 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General fund and Tourism fund budgets and progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees and contributions for other-post employment benefits and for the single-employer defined benefit pension plan of the School Division. Required supplementary information can be found beginning on page G-2 of this report.

The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages H-2 through K-3 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Statement of Net Assets - As of June 30, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>
Current and other assets	\$ 99,403,136	\$ 78,163,174	\$ 9,407,890	\$ 8,056,715	\$ 108,811,026	\$ 86,219,889
Capital assets	<u>91,598,589</u>	<u>86,650,859</u>	<u>103,805,178</u>	<u>108,170,979</u>	<u>195,403,767</u>	<u>194,821,838</u>
Total assets	<u>\$ 191,001,725</u>	<u>\$ 164,814,033</u>	<u>\$ 113,213,068</u>	<u>\$ 116,227,694</u>	<u>\$ 304,214,793</u>	<u>\$ 281,041,727</u>
Current and other liabilities	\$ 25,475,913	\$ 22,478,555	\$ 966,429	\$ 2,147,324	\$ 26,442,342	\$ 24,625,879
Long-term liabilities	<u>99,442,243</u>	<u>79,427,755</u>	<u>11,134,719</u>	<u>9,394,171</u>	<u>110,576,962</u>	<u>88,821,926</u>
Total liabilities	<u>124,918,156</u>	<u>101,906,310</u>	<u>12,101,148</u>	<u>11,541,495</u>	<u>137,019,304</u>	<u>113,447,805</u>
Net assets:						
Invested in capital assets, net of related debt	60,961,846	68,935,110	93,173,971	99,168,724	154,135,817	168,103,834
Restricted net assets	1,713,484	17,605	314,693	313,785	2,028,177	331,390
Unrestricted net assets	<u>3,408,239</u>	<u>(6,044,992)</u>	<u>7,623,256</u>	<u>5,203,690</u>	<u>11,031,495</u>	<u>(841,302)</u>
Total net assets	<u>66,083,569</u>	<u>62,907,723</u>	<u>101,111,920</u>	<u>104,686,199</u>	<u>167,195,489</u>	<u>167,593,922</u>
Total liabilities and net assets	<u>\$ 191,001,725</u>	<u>\$ 164,814,033</u>	<u>\$ 113,213,068</u>	<u>\$ 116,227,694</u>	<u>\$ 304,214,793</u>	<u>\$ 281,041,727</u>

Current and other assets increased by \$22,591,137 from the prior year. Most of the increase was attributable to debt proceeds that restored cash, used to build the Sports Field Complex. Capital assets increased by \$581,929 over the prior year. This is primarily related to the capitalization of the Sports Field Complex and donating the County water systems to Newport News Waterworks.

The County's net assets totaled \$167,195,489, a decrease of \$398,433. The net decrease resulted from an increase of net assets in governmental activities of \$3,175,846, offset by a decrease in business-type activities of \$3,574,279. The increase in governmental activities included a \$1,097,000 special assessment and a \$600,000 technology grant. The decrease for business-type activities was primarily driven by \$6,114,146 in donated County water systems to a local water purveyor, Newport News Waterworks and \$604,078 for a pump station donated to the Hampton Roads Sanitation District.

Approximately 1.2% of net assets represented resources that are subject to external restrictions. Restrictions do not significantly affect the availability of fund resources for future use. The majority of the County's net assets reflected its investment in capital assets, less any related debt used to acquire those assets that were still outstanding. These assets are used to provide services to citizens and consequently are not available for future spending. Unrestricted net assets represents that part that can be used to finance day-to-day operations. At June 30, 2009, the County reported unrestricted net assets of \$11,031,495.

Under Virginia law, School Divisions hold title to all school property, except when the governing bodies of the local government and school division agree that title may vest in the locality. Since Virginia school divisions do not have taxing authority, local governments incur financial obligations for school property. In June 2003, the York County Board of Supervisors passed a resolution electing not to acquire tenancy in common of school property in the implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The County borrows funds to finance the acquisition, construction, and improvement of school property and the School Division holds title to this property. With the County opting out of Senate Bill 276, the asset values are reported on the School Division's Statement of Net Assets and the related debt or liability are reported on the County's Statement of Net Assets. This presentation of showing \$60,064,486 in school debt without the asset resulted in unrestricted net assets for governmental activities of \$3,408,239.

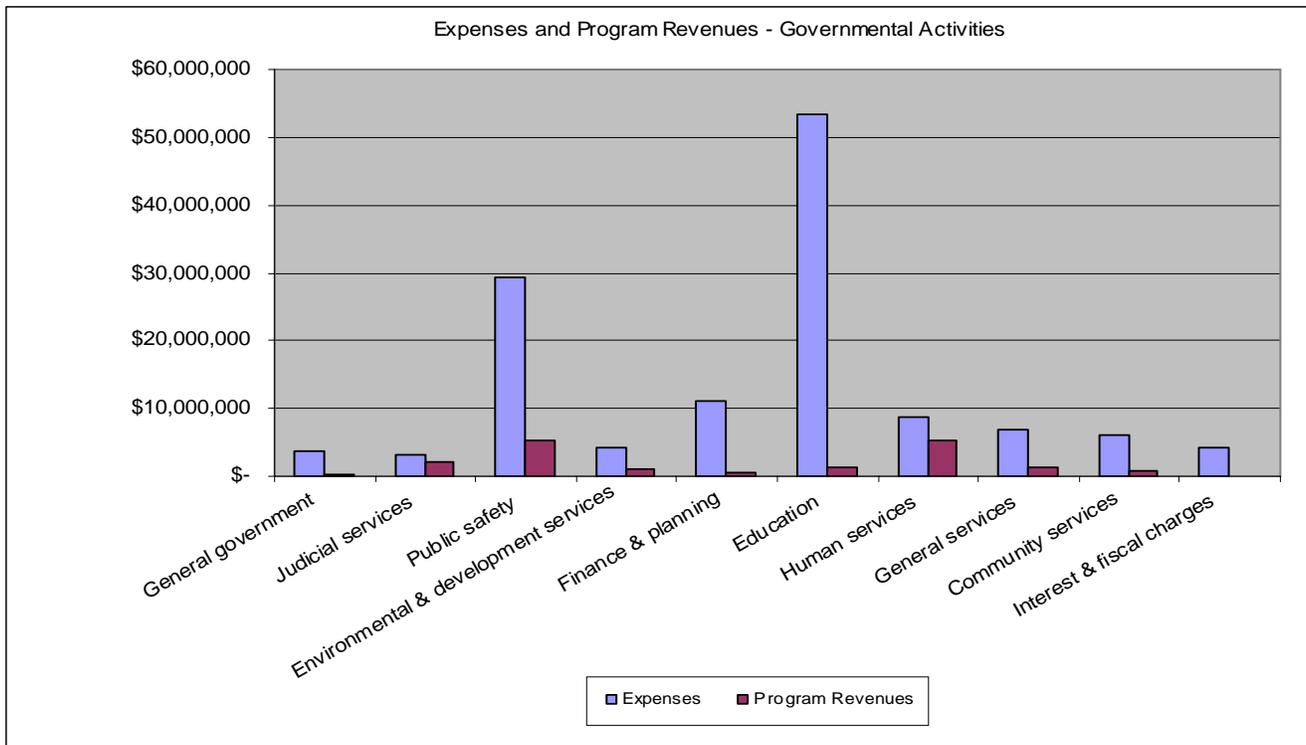
Summary of Changes in Net Assets - Years Ended June 30, 2009 and 2008

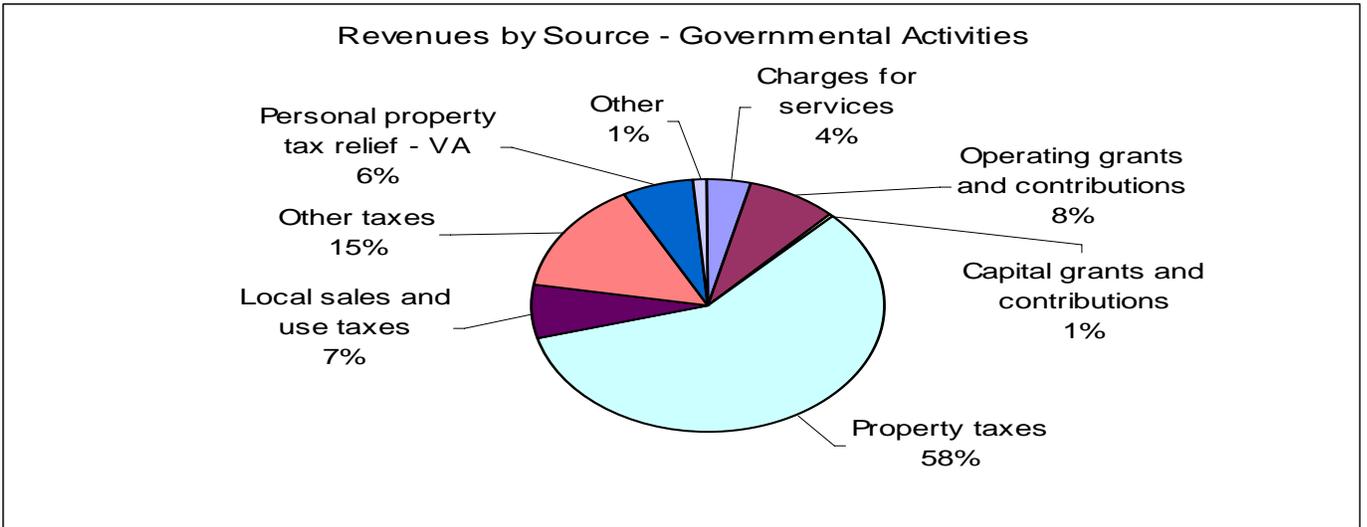
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,721,352	\$ 5,577,879	\$ 11,992,298	\$ 11,692,887	\$ 17,713,650	\$ 17,270,766
Operating grants and contributions	10,796,179	10,949,851	-	455	10,796,179	10,950,306
Capital grants and contributions	1,092,566	1,426,194	1,742,277	3,500,028	2,834,843	4,926,222
General revenues:						
Property taxes	79,616,260	73,269,069	-	-	79,616,260	73,269,069
Other taxes	29,731,225	31,503,309	-	-	29,731,225	31,503,309
Personal property tax relief from Commonwealth of Virginia, net Local Aid to Commonwealth	8,547,502	8,737,103	-	-	8,547,502	8,737,103
Insurance recoveries	-	78,629	-	-	-	78,629
Unrestricted investment earnings	1,070,698	2,331,247	289,168	463,923	1,359,866	2,795,170
Miscellaneous	1,037,292	471,649	142,591	28,893	1,179,883	500,542
Total revenues	<u>137,613,074</u>	<u>134,344,930</u>	<u>14,166,334</u>	<u>15,686,186</u>	<u>151,779,408</u>	<u>150,031,116</u>
Expenses:						
Governmental activities:						
General government	3,729,163	3,450,703	-	-	3,729,163	3,450,703
Judicial services	3,217,220	3,079,480	-	-	3,217,220	3,079,480
Public safety	29,469,455	27,466,315	-	-	29,469,455	27,466,315
Environmental and development services	4,293,152	4,181,043	-	-	4,293,152	4,181,043
Finance and planning	11,074,824	9,630,189	-	-	11,074,824	9,630,189
Education	53,460,125	45,742,991	-	-	53,460,125	45,742,991
Human services	8,751,468	8,594,261	-	-	8,751,468	8,594,261
General services	6,944,857	6,733,491	-	-	6,944,857	6,733,491
Community services	6,021,699	4,926,133	-	-	6,021,699	4,926,133
Interest and fiscal charges on noncurrent debt	4,144,723	3,708,287	-	-	4,144,723	3,708,287
Business-type activities:						
Sewer Utility	-	-	9,011,555	7,766,854	9,011,555	7,766,854
Water Utility	-	-	7,100,039	637,020	7,100,039	637,020
Solid Waste	-	-	4,228,895	4,203,909	4,228,895	4,203,909
Yorktown Operations	-	-	137,837	214,489	137,837	214,489
Sanitary Districts	-	-	534,583	469,312	534,583	469,312
Regional Radio System	-	-	58,246	32,826	58,246	32,826
Total expenses	<u>131,106,686</u>	<u>117,512,893</u>	<u>21,071,155</u>	<u>13,324,410</u>	<u>152,177,841</u>	<u>130,837,303</u>
Change in net assets, before transfers	6,506,388	16,832,037	(6,904,821)	2,361,776	(398,433)	19,193,813
Transfers	<u>(3,330,542)</u>	<u>(3,201,992)</u>	<u>3,330,542</u>	<u>3,201,992</u>	-	-
Change in net assets	3,175,846	13,630,045	(3,574,279)	5,563,768	(398,433)	19,193,813
Net assets, beginning	<u>62,907,723</u>	<u>49,277,678</u>	<u>104,686,199</u>	<u>99,122,431</u>	<u>167,593,922</u>	<u>148,400,109</u>
Net assets, ending	<u>\$ 66,083,569</u>	<u>\$ 62,907,723</u>	<u>\$ 101,111,920</u>	<u>\$ 104,686,199</u>	<u>\$ 167,195,489</u>	<u>\$ 167,593,922</u>

Governmental Activities - For the fiscal year ended June 30, 2009, revenues from governmental activities totaled \$137,613,074. Real estate tax revenue, the County's largest revenue source, was \$61,224,379. The County's assessed real property tax base for calendar year 2009 was \$9,339,868,296. Property taxes increased by \$6,347,191, largely due to commercial growth and a full year of revenue from the reassessment effective January 1, 2008. The County reported current year collections of \$20,039,116 in personal property taxes, the County's second largest revenue source. Of that amount, \$8,739,375 was from the Commonwealth of Virginia as an entitlement grant under the provisions of the Personal Property Tax Relief Act (PPTRA), offset by \$191,873 of local aid returned to the Commonwealth.

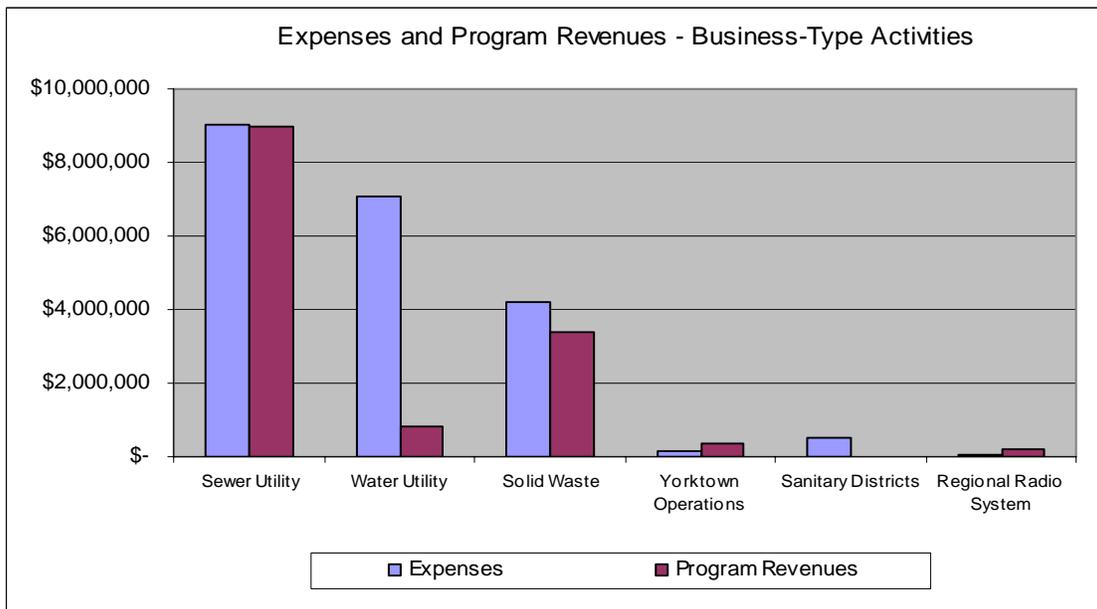
Other taxes decreased by \$1,772,084 over the prior year as a result of decreases in hotel and motel room taxes, business license taxes and recordation taxes. Most of the overall decrease of \$333,628 in capital grants and contributions related to one-time funding received for revenue sharing VDOT projects related to the Yorktown Riverwalk and shoreline improvements.

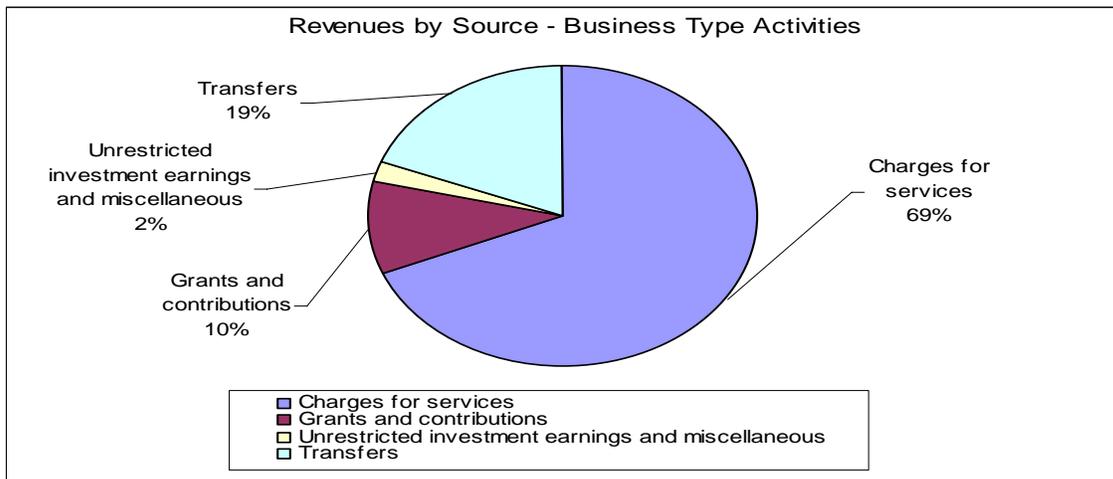
For the fiscal year ended June 30, 2009, expenses for governmental activities totaled \$131,106,686, including the following payments to the component unit - School Division: \$44,701,475 for operations, \$5,500,552 of bond proceeds for capital projects and \$410,000 of cash for capital projects. The County paid \$1,044,200 to the component unit - Economic Development Authority for operation and capital purposes and \$368,567 to the component unit - Community Development Authority in incremental taxes.





Business-Type Activities - Business-type activities decreased the County's net assets by \$3,574,279 for the fiscal year ended June 30, 2009. This decrease is primarily attributable to a decline in capital contributions from developers and due to County water systems that were donated to a local water purveyor, Newport News Waterworks. Transfers include \$1,175,000 to supplement the Solid Waste fund in support of the County's curbside recycling program.





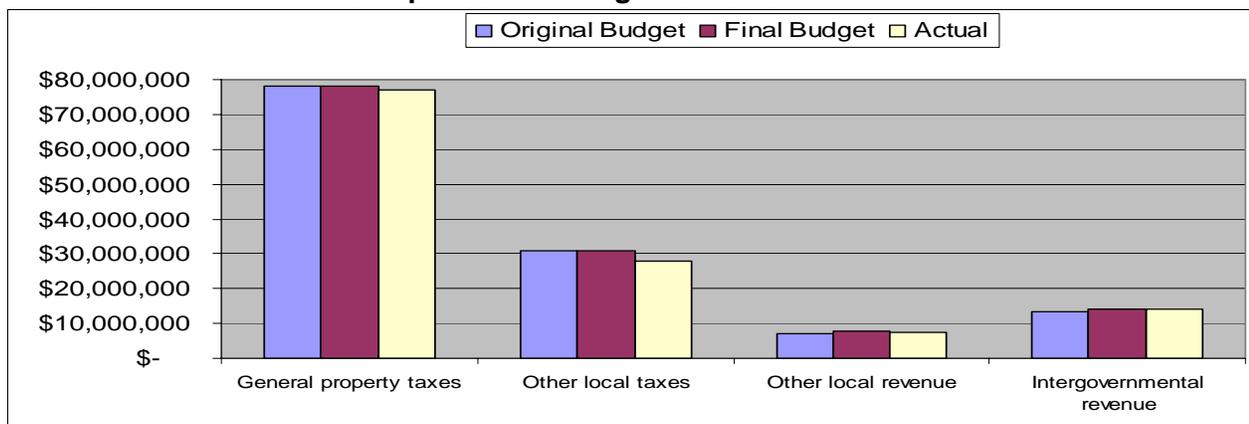
GENERAL FUND

As of June 30, 2009, the County's governmental funds reported combined ending fund balances of \$66,971,967, an increase of \$13,478,597 over the prior year. Unreserved, undesignated fund balance totaled \$4,278,273 and is available for spending at the County's discretion. The remainder of fund balance has been reserved for outstanding purchase orders (\$2,878,741), prepaid expenditures (\$882,528) and advances made to other funds (\$20,243,928); and designated for self-insurance purposes (\$1,783,259) and to pay for subsequent years expenditures (\$36,905,238).

The General fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance was \$15,547,246, while total fund balance was \$51,865,464. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 14.7% of total General fund expenditures while total fund balance represents 49.2% of the same amount.

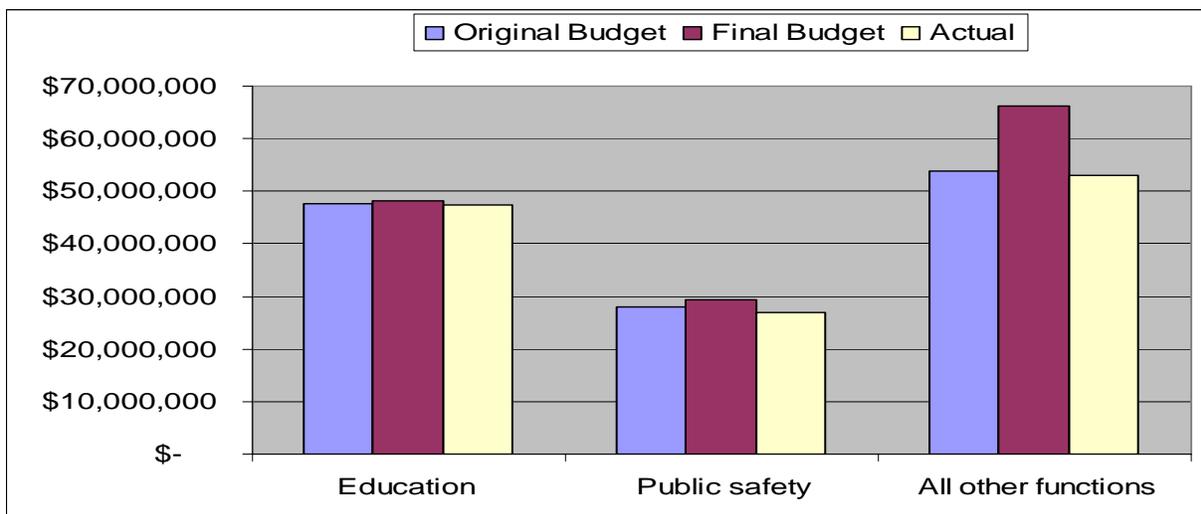
During the year, the Board of Supervisors approved various budget revisions. The following chart shows the original approved budget, the revised budget at the end of the fiscal year and the actual amounts for both revenues and expenditures in the General fund.

General Fund Revenue - Comparison of Budget to Actual



The total General fund actual revenues were \$4,442,300 (3.4%) under the final budget. General property taxes were less than the final budget by \$1,229,126 (1.6%), which primarily reflected the net effect of increases in public service corporation real property taxes and machinery and tools taxes and decreases in real property and personal property taxes. Other local taxes showed a decline resulting in a decrease of \$3,081,281 (9.9%). This was primarily from local sales, meals and business license taxes and recordation and wills taxes, driven by the economic downturn. In other local revenue, charges for services decreased by \$594,053 (18.6%), use of money and property decreased by \$384,821 (26.8%) and permits, fees and regulatory licenses decreased by \$253,300 (25.6%), primarily also due to the delay in the opening of the Sports Field Complex and the economic downturn. Revenues from the federal government increased \$834,372 (181.1%) due to one-time American Recovery and Reinvestment Act (ARRA) support. Revenues from the state government had decreases of \$641,061 (4.7%) for less support from the State Compensation Board (supplemented by the federal ARRA funds) and \$191,873 paid to the state as mandated by the 2008 Appropriation Act.

General Fund Expenditures - Comparison of Budget to Actual



The total General fund actual expenditures were \$16,470,165 (11.5%) under the final budget. A portion of the variance is attributable to outstanding encumbrances at June 30, 2009 of \$575,161 not reflected in the budgetary comparison schedule. Other significant variances include the following:

- General Government: Public Information realized personnel savings as a result of vacancies. The Electoral Board was under budget because there were no significant withdrawals from the voting machine replacement reserve during the year.
- Judicial Services: Clerk of the Court, Commonwealth’s Attorney and Victim/Witness were under budget as a result of turnover. These offices also realized savings due to grants not fully expended at year-end.
- Public Safety: the department was under budget due to grants and donations that had not been fully expended at year-end. In addition, personnel savings were realized as a result of turnover and a 90 day hiring freeze, savings were realized on maintenance contracts and a decline in detention services in Juvenile Corrections.
- Environmental and Development Services: the department was under budget due to vacancies, a 90 day hiring freeze and timing of software enhancements yet to occur.

- Finance and Planning: the department was under budget due to vacancies and a 90 day hiring freeze; Computer Support Services and Central Administrative Services were under budget due to network and software enhancements yet to occur; Economic Development was below budget because not all economic development incentives were realized.
- Education: the payment to the School Division is under budget due to the return of unspent funds to the County per State code and unspent reserves for the Library for furniture and AV replacements as well as savings from vacant positions.
- Human Services: the contribution to the Peninsula Health District was lower than anticipated.
- General Services: Grounds Maintenance and Construction was under budget due to retirements and turnover, the postponement of roadway corridor projects and savings from capital expenditures.
- Community Services: Parks and Recreation was under budget due to the opening of the Sports Field Complex being later than anticipated, vacancies and grants and donations not fully expended at year-end.
- Non-departmental: the budget underage reflects lower than anticipated payments for compensated absences due to employee terminations and savings from the capital contribution for the construction of the Colonial Group Home.
- Capital Outlay: capital outlay was under budget due to the timing of projects.
- Transfers Out: savings resulted from a reduction in debt service due to delaying the issuance of debt and funding set aside for potential future contributions for other post-employment benefits.

GOVERNMENTAL FUNDS

The County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Tourism, Yorktown Capital Improvements and County Capital funds, all of which are considered to be major funds. The Tourism fund accounts for transactions related to the lodging tax restricted by the State for tourism activities. The Yorktown Capital Improvements and County Capital funds, account for the major capital improvements.

For fiscal year ended June 30, 2009, the Tourism fund received less lodging tax revenue as a result of the slow down in the economy. Payments were made to reduce the advance from other funds. As a result, the ending fund balance was reduced by \$321,670. The Yorktown Capital Improvements fund had an increase in fund balance of \$630,628, mainly due to transfers in and a year-end deficit of \$8,084,831. The County Capital fund had an increase in fund balance of \$13,326,000 due to the receipt of bond proceeds to support the Sports Field Complex and fire station addition projects.

PROPRIETARY FUNDS

The County currently operates eight enterprise funds and two internal service funds. The enterprise funds provide the means to account for the operations of the County-operated utilities, the two sanitary districts, the County solid waste disposal activity, the operations at Yorktown and the operations of the Regional Radio System. The internal service funds are used to account for the operation of the centralized motor vehicle pool and for subsidy payments for eligible retirees towards health insurance coverage.

The Sewer Utility fund earned \$7,353,075 through charges for services. The Vehicle Maintenance fund (internal service fund) collects its revenues through charges for services imposed on the various County departments to which fleet vehicles are assigned. The expenses relate directly to the maintenance and depreciation of the County's fleet of vehicles. The Other Post-Employment Benefits fund (OPEB), also an internal service fund, allows for subsidy payments for County retirees towards health insurance coverage in a plan sponsored by the County.

The enterprise funds in the aggregate had a decrease in net assets during the fiscal period of \$3,574,279, and the internal service funds reported an increase in net assets of \$174,701. The net assets for the enterprise funds and internal service funds were \$101,111,920 and \$4,748,660, respectively, at the end of the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009, the County's investment in capital assets for its governmental and business-type activities amounts to \$195,403,767 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, infrastructure, equipment, and vehicles. The increase in governmental activities is attributable to the completion of the Sports Field Complex, which includes all buildings on the complex site, land improvements and infrastructure. This project also relates to the reduction in construction in progress. The vehicle increase pertains to the purchase of fire and life safety apparatus.

The County does not own its roads and they are therefore not included in the capital assets. In addition, the School Division owns school buildings and the related debt is County debt. For this reason, the assets are reflected in the statement of net assets of the component unit School Division, while the related debt is reflected in the statement of net assets of the County.

The decrease in capital assets for business-type activities is driven by the County donating the majority of its water systems to Newport News Waterworks. The major factor for the increase in equipment is for the Supervisory Control and Data Acquisition (SCADA)/alerting system at all pump stations and the increase in vehicles is due to the acquisition of a sewer vacuum truck.

Governmental Funds - Capital Assets, Net of Depreciation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>
Land	\$ 9,508,052	\$ 9,508,052	\$ 3,740,200	\$ 3,749,600	\$ 13,248,252	\$ 13,257,652
Construction in progress	569,722	14,252,468	8,067,698	9,331,213	8,637,420	23,583,681
Land improvements	17,404,756	6,639,972	33,736	6,013	17,438,492	6,645,985
Buildings and improvements	33,392,462	30,399,895	8,101,843	8,965,359	41,494,305	39,365,254
Infrastructure	12,165,378	9,481,644	80,499,313	84,936,687	92,664,691	94,418,331
Equipment	10,609,128	11,172,528	2,539,067	705,784	13,148,195	11,878,312
Vehicles	7,949,091	5,196,300	823,321	476,323	8,772,412	5,672,623
Total	<u>\$ 91,598,589</u>	<u>\$ 86,650,859</u>	<u>\$ 103,805,178</u>	<u>\$ 108,170,979</u>	<u>\$ 195,403,767</u>	<u>\$ 194,821,838</u>

Capital Project Funds

The capital project funds are used by the County to account for the financing sources used to acquire and construct major capital projects. A major source of funding for capital projects is the General fund.

Yorktown Capital Improvements Fund

For fiscal year 2009, \$646,811 was transferred to the Yorktown Capital Improvements fund from the Tourism fund to pay down an advance. During the year, capital outlay expenditures of \$50,389 were primarily incurred for sidewalk improvements in Yorktown. This fund had a (\$8,084,831) deficit at June 30, 2009, that is primarily due to advances from the General fund to be repaid from future tourism revenue.

County Capital Fund

For fiscal year 2009, \$21,682,887 was transferred to the County Capital fund from other funds. Of this amount, \$17,024,827 represented bond proceeds for the County Debt Service fund, \$4,289,493 was from the General fund for pay-as-you-go projects, and \$368,567 was from the CDA Revenue Account fund for excess incremental taxes. Capital project expenditures of \$8,496,405 included, as major projects, the purchase of fire apparatus, the expansion to the 911 Center and the construction of the new Sports Field Complex and maintenance building.

Additional information on the County's capital assets can be found in note 5 beginning on page F-15 of this report.

Long-Term Debt

At the end of the fiscal year, the County had total bonded debt and literary loans of \$100,211,040. Capital leases, the School Division's note payable to the Virginia Retirement System, compensated absences and net OPEB obligation are not included in these figures.

	Governmental Activities		Business-type Activities		Total	
		Restated		Restated		Restated
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Bonds payable	\$ 91,716,395	\$ 73,829,825	\$ 8,194,645	\$ 8,449,490	\$ 99,911,040	\$ 82,279,315
Literary loans	300,000	400,000	-	-	300,000	400,000
Total	<u>\$ 92,016,395</u>	<u>\$ 74,229,825</u>	<u>\$ 8,194,645</u>	<u>\$ 8,449,490</u>	<u>\$ 100,211,040</u>	<u>\$ 82,679,315</u>

On December 1, 2008, the County issued \$17,230,000 lease revenue bonds with an average interest rate of 4.226% through the Virginia Resources Authority. The net proceeds from the bonds were used to construct a sports field complex and renovate two fire stations. The accounting for this transaction was recorded in the County's Debt Service fund. On December 11, 2008, the County issued \$5,400,000 general obligation bonds with an average interest rate of 4.475% through the Virginia Public School Authority. The net proceeds from the bonds were used to provide additional classrooms at Dare, Magruder and Yorktown Elementary Schools. The accounting for this transaction was recorded in the Education Debt Service fund.

Under Virginia state law, school divisions do not have the authority to issue debt. Therefore, all school debt is issued by and is a liability of the County. In fiscal year 2009, the County paid debt service of \$4,274,318 and \$2,879,051 for education related principal and interest and fiscal charges, respectively, through the Education Debt Service fund.

The County continues to maintain an excellent bond rating for local governmental jurisdictions of its type and size. The rating assigned by Standard & Poor's Corporation is AA and Moody's is Aa2 for debt backed by the full faith and credit of the County and for the lease revenue bonds issued in December 2008.

Additional information on the County's long-term debt can be found in note 7 beginning on page F-18 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES

The County's staff and Board of Supervisors considered many factors when developing the fiscal year 2010 budget. The fiscal year 2010 approved budget for the General fund is \$125,175,704, a 3.4% decrease over the fiscal year 2009 budget. Local revenue, which includes property tax, was expected to decrease from fiscal year 2009 to fiscal year 2010 by 3.7%. Fiscal year 2010 is not a general reassessment year and construction activity has declined. Local sales, lodging and meals taxes, deeds of conveyance, inspection fees and interest income, are other driving forces in the revenue reduction. State and federal revenues comprise about 10.7% of the total. State revenues are expected to be down by \$211,152 or 1.6% and Federal revenues are projected to be flat.

Approximately \$9.0 million in internal budget cuts were made to balance the budget and provide the Board of Supervisors with a budget that contained no tax rate increases, maintaining a real property tax rate of \$0.6575 per \$100 of assessed value for calendar tax year 2009.

The fiscal year 2010 budget provides no compensation adjustments; level funds the School Division; maintains County service levels; contains no lay-offs, furloughs or other compensation reductions; delays County General fund capital projects for one year; delays capital maintenance projects for at least one year where it is not cost prohibitive to do so; and implements a new medic transport cost recovery fee.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Marycarol C. White, CPA, Director of Financial and Management Services, P.O. Box 532, Yorktown, VA 23690, telephone (757) 890-3700.

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COUNTY OF YORK, VIRGINIA

Statement of Net Assets

June 30, 2009

ASSETS	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	School Division	Economic Development Authority	Community Development Authority
Cash and investments	\$ 76,601,251	\$ 9,948,840	\$ 86,550,091	\$ 8,785,664	\$ 371,900	\$ 115,001
Restricted cash	3,283,908	316,865	3,600,773	637,343	65,794	10,915,065
Receivables, net	15,317,753	1,721,792	17,039,545	1,891,334	1,614,651	5,156
Due from component unit - EDA	-	79,696	79,696	-	-	-
Due from primary government	-	-	-	14,129,297	-	286,816
Prepaid expenses	887,330	28,328	915,658	3,424,441	25	-
Other assets	-	-	-	-	1,825,832	-
Net OPEB asset	-	-	-	36,651	-	-
Advances to other funds	2,850,000	(2,850,000)	-	-	-	-
Deferred charges	526,912	242,273	769,185	-	-	439,588
Less accumulated amortization	(64,018)	(79,904)	(143,922)	-	-	(67,629)
Capital assets:						
Nondepreciable	10,077,774	11,807,898	21,885,672	6,904,555	-	21,636,219
Depreciable	113,639,830	130,448,090	244,087,920	183,325,425	-	9,000
Less accumulated depreciation	(32,119,015)	(38,450,810)	(70,569,825)	(55,079,962)	-	-
Total assets	\$ 191,001,725	\$ 113,213,068	\$ 304,214,793	\$ 164,054,748	\$ 3,878,202	\$ 33,339,216
LIABILITIES						
Accounts payable	\$ 2,407,165	\$ 456,311	\$ 2,863,476	\$ 2,709,177	\$ 6,534	\$ 54,322
Retainage payable	57,453	63,949	121,402	48,444	-	-
Deposits payable	1,518,940	162,690	1,681,630	-	65,794	-
Salaries, taxes and benefits payable	3,039,678	352,425	3,392,103	13,912,774	-	-
Unearned revenue	2,223,546	84,685	2,308,231	60,940	25	-
Internal balances	188,662	(188,662)	-	-	-	-
Due to component unit - School Division	14,129,297	-	14,129,297	-	-	-
Due to component unit - CDA	286,816	-	286,816	-	-	-
Due to primary government	-	-	-	-	79,696	-
Accrued interest payable	1,624,356	35,031	1,659,387	-	296,501	599,229
Noncurrent liabilities:						
Due within one year	5,943,763	742,921	6,686,684	1,879,842	27,079	-
Due in more than one year	93,498,480	10,391,798	103,890,278	2,830,712	1,180,530	32,442,931
Total liabilities	124,918,156	12,101,148	137,019,304	21,441,889	1,656,159	33,096,482
NET ASSETS						
Invested in capital assets, net of related debt	60,961,846	93,173,971	154,135,817	135,060,176	-	(481,327)
Restricted for:						
Debt service	-	314,693	314,693	-	-	-
Capital projects	600,000	-	600,000	-	-	-
Other purposes	1,113,484	-	1,113,484	-	-	-
Unrestricted	3,408,239	7,623,256	11,031,495	7,552,683	2,222,043	724,061
Total net assets	66,083,569	101,111,920	167,195,489	142,612,859	2,222,043	242,734
Total liabilities and net assets	\$ 191,001,725	\$ 113,213,068	\$ 304,214,793	\$ 164,054,748	\$ 3,878,202	\$ 33,339,216

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Discretely Presented Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			School Division	Economic Development Authority	Community Development Authority
					Governmental Activities	Business-type Activities	Total			
Primary government:										
Governmental activities:										
General government	\$ 3,729,163	\$ 93,000	\$ 64,909	\$ -	\$ (3,571,254)	\$ -	\$ (3,571,254)	\$ -	\$ -	\$ -
Judicial services	3,217,220	1,001,882	1,216,573	-	(998,765)	-	(998,765)	-	-	-
Public safety	29,469,455	1,081,644	3,410,803	683,127	(24,293,881)	-	(24,293,881)	-	-	-
Environmental and development services	4,293,152	657,892	12,469	296,605	(3,326,186)	-	(3,326,186)	-	-	-
Finance and planning	11,074,824	79,754	399,592	-	(10,595,478)	-	(10,595,478)	-	-	-
Education	53,460,125	671,289	596,700	112,834	(52,079,302)	-	(52,079,302)	-	-	-
Human services	8,751,468	423,252	4,796,032	-	(3,532,184)	-	(3,532,184)	-	-	-
General services	6,944,857	1,254,539	275	-	(5,690,043)	-	(5,690,043)	-	-	-
Community services	6,021,699	458,100	298,826	-	(5,264,773)	-	(5,264,773)	-	-	-
Interest and fiscal charges on noncurrent debt	4,144,723	-	-	-	(4,144,723)	-	(4,144,723)	-	-	-
Total governmental activities	<u>131,106,686</u>	<u>5,721,352</u>	<u>10,796,179</u>	<u>1,092,566</u>	<u>(113,496,589)</u>	<u>-</u>	<u>(113,496,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:										
Sewer Utility	9,011,555	7,353,075	-	1,637,892	-	(20,588)	(20,588)	-	-	-
Water Utility	7,100,039	718,736	-	104,385	-	(6,276,918)	(6,276,918)	-	-	-
Solid Waste	4,228,895	3,384,681	-	-	-	(844,214)	(844,214)	-	-	-
Yorktown Operations	137,837	335,753	-	-	-	197,916	197,916	-	-	-
Sanitary Districts	534,583	-	-	-	-	(534,583)	(534,583)	-	-	-
Regional Radio System	58,246	200,053	-	-	-	141,807	141,807	-	-	-
Total business-type activities	<u>21,071,155</u>	<u>11,992,298</u>	<u>-</u>	<u>1,742,277</u>	<u>-</u>	<u>(7,336,580)</u>	<u>(7,336,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 152,177,841</u>	<u>\$ 17,713,650</u>	<u>\$ 10,796,179</u>	<u>\$ 2,834,843</u>	<u>(113,496,589)</u>	<u>(7,336,580)</u>	<u>(120,833,169)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component units:										
School Division	\$ 128,358,924	\$ 3,367,867	\$ 67,573,788	\$ 1,231,042	-	-	-	(56,186,227)	-	-
Economic Development Authority	791,683	749,471	-	-	-	-	-	-	(42,212)	-
Community Development Authority	116,205	-	-	-	-	-	-	-	-	(116,205)
Total component units	<u>\$ 129,266,812</u>	<u>\$ 4,117,338</u>	<u>\$ 67,573,788</u>	<u>\$ 1,231,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,186,227)</u>	<u>(42,212)</u>	<u>(116,205)</u>
General revenues:										
Taxes:										
Property taxes					79,616,260	-	79,616,260	-	-	-
Local sales and use taxes					9,661,699	-	9,661,699	-	-	-
Hotel and motel room taxes					4,292,559	-	4,292,559	-	-	-
Restaurant food taxes					5,178,743	-	5,178,743	-	-	-
Business license taxes					5,487,494	-	5,487,494	-	-	-
Motor vehicle licenses					1,495,939	-	1,495,939	-	-	-
Taxes on recordation and wills					1,617,076	-	1,617,076	-	-	-
Other local taxes					1,997,715	-	1,997,715	-	-	-
Personal property tax relief from Commonwealth of Virginia, net Local Aid to Commonwealth					8,547,502	-	8,547,502	-	-	-
Payment from primary government					-	-	-	50,612,027	1,044,200	368,567
Unrestricted shared intergovernmental revenues					-	-	-	10,473,202	-	-
Unrestricted investment earnings					1,070,698	289,168	1,359,866	192,425	24,047	-
Miscellaneous					1,037,292	142,591	1,179,883	222,179	23,654	-
Gain on sale of capital assets					-	-	-	22,088	-	-
Transfers					(3,330,542)	3,330,542	-	-	-	-
Total general revenues and transfers					<u>116,672,435</u>	<u>3,762,301</u>	<u>120,434,736</u>	<u>61,521,921</u>	<u>1,091,901</u>	<u>368,567</u>
Change in net assets					3,175,846	(3,574,279)	(398,433)	5,335,694	1,049,689	252,362
Net assets (deficit), beginning					<u>62,907,723</u>	<u>104,686,199</u>	<u>167,593,922</u>	<u>137,277,165</u>	<u>1,172,354</u>	<u>(9,628)</u>
Net assets, ending					<u>\$ 66,083,569</u>	<u>\$ 101,111,920</u>	<u>\$ 167,195,489</u>	<u>\$ 142,612,859</u>	<u>\$ 2,222,043</u>	<u>\$ 242,734</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2009

ASSETS	Capital Project					
	General	Tourism Special Revenue	Yorktown Capital Improvements	County Capital	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 53,922,117	\$ 272,384	\$ 309,855	\$ 15,018,852	\$ 3,938,669	\$ 73,461,877
Restricted cash	32,081	-	-	1,227,000	2,024,827	3,283,908
Receivables, net	11,428,536	132,618	1,505,600	95,321	2,087,564	15,249,639
Due from other funds	162,568	-	-	3,937,887	79,079	4,179,534
Prepaid expenditures	352,451	-	-	507,595	22,482	882,528
Advances to other funds	11,443,928	8,800,000	-	-	-	20,243,928
Total assets	<u>\$ 77,341,681</u>	<u>\$ 9,205,002</u>	<u>\$ 1,815,455</u>	<u>\$ 20,786,655</u>	<u>\$ 8,152,621</u>	<u>\$ 117,301,414</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,281,778	\$ 268,669	\$ -	\$ 503,264	\$ 209,377	\$ 2,263,088
Retainage payable	-	-	-	55,285	2,168	57,453
Deposits payable	1,507,158	-	-	11,782	-	1,518,940
Salaries, taxes and benefits payable	2,647,645	2,527	-	-	297,215	2,947,387
Deferred revenue	4,088,208	2,914	1,100,286	812,000	1,363,605	7,367,013
Due to other funds	1,822,131	-	-	-	2,543,394	4,365,525
Due to component unit - School Division	14,129,297	-	-	-	-	14,129,297
Due to component unit - CDA	-	-	-	-	286,816	286,816
Advances from other funds	-	8,593,928	8,800,000	-	-	17,393,928
Total liabilities	<u>25,476,217</u>	<u>8,868,038</u>	<u>9,900,286</u>	<u>1,382,331</u>	<u>4,702,575</u>	<u>50,329,447</u>
Fund balances (deficit):						
Reserved for:						
Encumbrances	575,161	43,251	1,200	1,784,994	474,135	2,878,741
Prepaid expenditures	352,451	-	-	507,595	22,482	882,528
Advances	11,443,928	8,800,000	-	-	-	20,243,928
Unreserved:						
Designated for self insurance	1,783,259	-	-	-	-	1,783,259
Designated for subsequent year's expenditures:						
General fund	22,163,419	-	-	-	-	22,163,419
Special revenue funds	-	-	-	-	77,507	77,507
Capital project funds	-	-	-	12,699,057	1,965,255	14,664,312
Undesignated, reported in:						
General fund	15,547,246	-	-	-	-	15,547,246
Special revenue funds	-	(8,506,287)	-	-	910,667	(7,595,620)
Capital project funds	-	-	(8,086,031)	4,412,678	-	(3,673,353)
Total fund balance (deficit)	<u>51,865,464</u>	<u>336,964</u>	<u>(8,084,831)</u>	<u>19,404,324</u>	<u>3,450,046</u>	<u>66,971,967</u>
Total liabilities and fund balance	<u>\$ 77,341,681</u>	<u>\$ 9,205,002</u>	<u>\$ 1,815,455</u>	<u>\$ 20,786,655</u>	<u>\$ 8,152,621</u>	<u>\$ 117,301,414</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2009

Fund balances - Total governmental funds \$ 66,971,967

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

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. 89,068,338

Other noncurrent assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 5,143,467

Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.

Bond issuance costs	526,912	
Less accumulated amortization	(64,018)	462,894

The internal service fund is used by management to charge the cost of fleet maintenance. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets. 4,748,660

Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable	\$ (1,624,356)	
General obligation bonds, net	(59,764,486)	
Literary loans	(300,000)	
Capital leases	(914,834)	
Lease revenue bonds, net	(31,951,909)	
Note payable	(1,620,440)	
Compensated absences	(4,135,732)	(100,311,757)

Total net assets - Statement of Net Assets \$ 66,083,569

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>Capital Project</u>					
	<u>General</u>	<u>Tourism Special Revenue</u>	<u>Yorktown Capital Improvements</u>	<u>County Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
General property taxes	\$ 76,870,513	\$ -	\$ -	\$ -	\$ 388,341	\$ 77,258,854
Other local taxes	27,915,270	1,128,342	-	-	603,231	29,646,843
Intergovernmental:						
Federal	1,294,952	-	-	-	3,185,179	4,480,131
State	12,877,996	-	-	600,000	1,531,554	15,009,550
Local	-	-	-	236	-	236
Permits, fees, and licenses	735,562	-	-	-	-	735,562
Fines and forfeitures	358,110	-	-	-	-	358,110
Use of money and property	1,051,449	23,854	31,178	144,525	133,097	1,384,103
Charges for services	2,607,045	-	-	-	23,638	2,630,683
Miscellaneous	603,524	-	-	960	6,555	611,039
Recovered costs	1,374,425	-	-	1,000	785,787	2,161,212
Total revenues	<u>125,688,846</u>	<u>1,152,196</u>	<u>31,178</u>	<u>746,721</u>	<u>6,657,382</u>	<u>134,276,323</u>
EXPENDITURES						
Current:						
General government	2,018,604	-	-	-	-	2,018,604
Judicial services	2,768,030	-	-	-	7,238	2,775,268
Public safety	26,820,154	-	-	-	150,000	26,970,154
Environmental and development services	3,572,643	-	-	-	-	3,572,643
Finance and planning	9,220,872	1,285,286	-	-	-	10,506,158
Education	47,311,916	-	-	410,000	5,500,552	53,222,468
Human services	1,487,922	-	-	-	7,259,210	8,747,132
General services	7,311,531	-	-	-	-	7,311,531
Community services	3,399,209	297,009	-	-	-	3,696,218
Non-departmental	954,734	558,581	-	-	368,567	1,881,882
Capital outlay	569,645	-	50,389	8,496,405	673,061	9,789,500
Debt service:						
Principal retirement	27,044	25,059	-	-	5,522,677	5,574,780
Interest and fiscal charges	5,676	-	-	-	3,850,247	3,855,923
Other costs of debt issuance	-	-	-	-	328,015	328,015
Total expenditures	<u>105,467,980</u>	<u>2,165,935</u>	<u>50,389</u>	<u>8,906,405</u>	<u>23,659,567</u>	<u>140,250,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,220,866</u>	<u>(1,013,739)</u>	<u>(19,211)</u>	<u>(8,159,684)</u>	<u>(17,002,185)</u>	<u>(5,973,953)</u>
OTHER FINANCING SOURCES (USES)						
Insurance recovery	28,855	-	3,028	2,797	-	34,680
Transfers in	262,500	1,897,301	646,811	21,682,887	12,107,863	36,597,362
Issuance of debt	-	-	-	-	22,630,000	22,630,000
Premium on issuance of debt	-	-	-	-	523,691	523,691
Capital leases	1,400	-	-	-	150,000	151,400
Sale of capital and other assets	347,464	-	-	-	-	347,464
Transfers out	<u>(21,770,921)</u>	<u>(1,205,232)</u>	<u>-</u>	<u>(200,000)</u>	<u>(17,655,894)</u>	<u>(40,832,047)</u>
Total other financing sources and uses	<u>(21,130,702)</u>	<u>692,069</u>	<u>649,839</u>	<u>21,485,684</u>	<u>17,755,660</u>	<u>19,452,550</u>
Net change in fund balance	(909,836)	(321,670)	630,628	13,326,000	753,475	13,478,597
Fund balance (deficit), beginning of year	52,775,300	658,634	(8,715,459)	6,078,324	2,696,571	53,493,370
Fund balance (deficit), end of year	<u>\$ 51,865,464</u>	<u>\$ 336,964</u>	<u>\$ (8,084,831)</u>	<u>\$ 19,404,324</u>	<u>\$ 3,450,046</u>	<u>\$ 66,971,967</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 13,478,597

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

Governmental funds report capital outlays as expenditures. 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 capital outlays exceeded depreciation and the loss on disposal of capital assets in the current period.

Capital outlay expenditures	\$ 9,594,490	
Contributed capital asset	82,891	
Depreciation expense	(4,478,040)	
Loss on disposal of capital assets	<u>(267,669)</u>	4,931,672

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenue decreased by this amount in the current year. 2,709,942

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net assets. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

Issuance of debt	(22,630,000)	
Premium on debt	(523,691)	
Capital leases	(151,400)	
Costs of debt issuance	328,015	
Principal repayments	5,574,780	
Amortization of premium on issuance of noncurrent debt	94,394	
Amortization of discount on issuance of noncurrent debt	(13,793)	
Amortization of debt issuance costs	<u>(15,886)</u>	(17,337,581)

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.

Accrued interest payable	(259,121)	
Compensated absences	<u>(522,364)</u>	(781,485)

The vehicle maintenance internal service fund is used by management to charge the costs of fleet management to individual funds. The net income of this internal service fund is reported with governmental activities. 174,701

Change in net assets of governmental activities \$ 3,175,846

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2009

	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ 7,631,006	\$ 2,317,834	\$ 9,948,840	\$ 3,139,374
Restricted cash	90,050	226,815	316,865	-
Receivable, net	1,124,749	597,043	1,721,792	68,114
Due from other funds	181,173	19,433	200,606	260
Due from component unit - EDA	-	79,696	79,696	-
Prepaid expenses	<u>20,818</u>	<u>7,510</u>	<u>28,328</u>	<u>4,802</u>
Total current assets	<u>9,047,796</u>	<u>3,248,331</u>	<u>12,296,127</u>	<u>3,212,550</u>
Noncurrent assets:				
Deferred charges	165,628	76,645	242,273	-
Less accumulated amortization	(28,804)	(51,100)	(79,904)	-
Nondepreciable capital assets:				
Land	277,848	3,462,352	3,740,200	-
Construction in progress	8,039,425	28,273	8,067,698	-
Depreciable capital assets:				
Land improvements	37,155	-	37,155	221,446
Buildings and improvements	11,621,640	5,304,221	16,925,861	-
Infrastructure	83,809,070	23,326,930	107,136,000	-
Equipment	3,803,809	948,007	4,751,816	518,992
Vehicles	861,976	735,282	1,597,258	5,074,431
Less accumulated depreciation	<u>(18,573,129)</u>	<u>(19,877,681)</u>	<u>(38,450,810)</u>	<u>(3,284,618)</u>
Total noncurrent assets	<u>90,014,618</u>	<u>13,952,929</u>	<u>103,967,547</u>	<u>2,530,251</u>
Total assets	<u>\$ 99,062,414</u>	<u>\$ 17,201,260</u>	<u>\$ 116,263,674</u>	<u>\$ 5,742,801</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 187,924	\$ 268,387	\$ 456,311	\$ 144,077
Retainage payable	15,457	48,492	63,949	-
Deposits payable	162,690	-	162,690	-
Salaries, taxes and benefits payable	260,170	92,255	352,425	92,291
Unearned revenue	84,660	25	84,685	-
Due to other funds	7,005	4,939	11,944	2,931
Accrued interest payable	31,359	3,672	35,031	-
Revenue bonds - current	301,520	-	301,520	-
Capital leases - current	259,326	180,000	439,326	-
Compensated absences - current	<u>1,510</u>	<u>565</u>	<u>2,075</u>	<u>545</u>
Total current liabilities	<u>1,311,621</u>	<u>598,335</u>	<u>1,909,956</u>	<u>239,844</u>
Noncurrent liabilities:				
Premium on refunding bonds	108,101	-	108,101	-
Less accumulated amortization	(18,800)	-	(18,800)	-
Revenue bonds - net current	7,803,824	-	7,803,824	-
Capital leases - net current	1,779,605	380,000	2,159,605	-
Compensated absences - net current	306,200	32,868	339,068	82,250
Net OPEB obligation	-	-	-	672,047
Advance from other fund	<u>-</u>	<u>2,850,000</u>	<u>2,850,000</u>	<u>-</u>
Total noncurrent liabilities	<u>9,978,930</u>	<u>3,262,868</u>	<u>13,241,798</u>	<u>754,297</u>
Total liabilities	<u>11,290,551</u>	<u>3,861,203</u>	<u>15,151,754</u>	<u>994,141</u>
NET ASSETS				
Invested in capital assets, net of related debt	79,781,042	13,392,929	93,173,971	2,530,251
Restricted for debt service	87,878	226,815	314,693	-
Unrestricted	<u>7,902,943</u>	<u>(279,687)</u>	<u>7,623,256</u>	<u>2,218,409</u>
Total net assets	<u>87,771,863</u>	<u>13,340,057</u>	<u>101,111,920</u>	<u>4,748,660</u>
Total liabilities and net assets	<u>\$ 99,062,414</u>	<u>\$ 17,201,260</u>	<u>\$ 116,263,674</u>	<u>\$ 5,742,801</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues				
Use of property	\$ -	\$ 482,126	\$ 482,126	\$ -
Charges for services	7,353,075	4,157,097	11,510,172	3,585,520
Miscellaneous	6,785	131,106	137,891	225,161
Total operating revenues	<u>7,359,860</u>	<u>4,770,329</u>	<u>12,130,189</u>	<u>3,810,681</u>
Operating Expenses				
Personal services	2,943,140	773,230	3,716,370	1,580,153
Contractual services	624,921	3,933,561	4,558,482	524,526
Materials and supplies	1,865,226	572,469	2,437,695	1,833,291
Depreciation	2,542,675	626,972	3,169,647	644,347
Amortization	43,021	7,665	50,686	-
Total operating expenses	<u>8,018,983</u>	<u>5,913,897</u>	<u>13,932,880</u>	<u>4,582,317</u>
Operating loss	<u>(659,123)</u>	<u>(1,143,568)</u>	<u>(1,802,691)</u>	<u>(771,636)</u>
Nonoperating Revenues (Expenses)				
Interest income	213,847	75,321	289,168	67,380
Interest and fiscal charges	(380,966)	(28,998)	(409,964)	-
Amortization of debt premium	4,700	-	4,700	-
Loss on disposal of capital assets	(7,528)	(2,559)	(10,087)	(10,594)
Donated property	(604,078)	(6,114,146)	(6,718,224)	-
Total nonoperating revenues (expenses)	<u>(774,025)</u>	<u>(6,070,382)</u>	<u>(6,844,407)</u>	<u>56,786</u>
Loss before contributions and transfers	<u>(1,433,148)</u>	<u>(7,213,950)</u>	<u>(8,647,098)</u>	<u>(714,850)</u>
Capital Contributions	1,637,892	104,385	1,742,277	3,625
Transfers In	1,946,367	1,385,478	3,331,845	904,143
Transfers Out	(1,303)	-	(1,303)	(18,217)
Change in net assets	<u>2,149,808</u>	<u>(5,724,087)</u>	<u>(3,574,279)</u>	<u>174,701</u>
Total net assets, beginning of year	<u>85,622,055</u>	<u>19,064,144</u>	<u>104,686,199</u>	<u>4,573,959</u>
Total net assets, end of year	<u>\$ 87,771,863</u>	<u>\$ 13,340,057</u>	<u>\$ 101,111,920</u>	<u>\$ 4,748,660</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Sewer Utility	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 7,611,347	\$ 4,735,737	\$ 12,347,084	\$ 3,646,215
Receipts from interfund activity	-	446	446	2,539
Other receipts	6,785	131,106	137,891	225,161
Payments to suppliers for goods and services	(3,317,262)	(4,546,051)	(7,863,313)	(2,363,721)
Payments to employees for services	(2,886,331)	(766,353)	(3,652,684)	(865,499)
Payments for interfund activity	(136,415)	(305,591)	(442,006)	-
Net cash provided by (used in) operating activities	<u>1,278,124</u>	<u>(750,706)</u>	<u>527,418</u>	<u>644,695</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	1,175,010	1,175,010	774,227
Transfers out	(1,303)	-	(1,303)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,303)</u>	<u>1,175,010</u>	<u>1,173,707</u>	<u>774,227</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	1,946,367	210,468	2,156,835	129,916
Acquisition and construction of capital assets	(1,481,565)	(279,289)	(1,760,854)	(740,936)
Net proceeds from the disposal of capital assets	-	9,905	9,905	55,345
Principal paid on capital debt	(285,965)	(170,000)	(455,965)	-
Interest paid on capital debt	(382,073)	(30,113)	(412,186)	-
Net cash used in capital and related financing activities	<u>(203,236)</u>	<u>(259,029)</u>	<u>(462,265)</u>	<u>(555,675)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	213,847	75,321	289,168	66,270
Net cash provided by investing activities	<u>213,847</u>	<u>75,321</u>	<u>289,168</u>	<u>66,270</u>
Net increase in cash and cash equivalents	1,287,432	240,596	1,528,028	929,517
Cash and cash equivalents, beginning of year	<u>6,433,624</u>	<u>2,304,053</u>	<u>8,737,677</u>	<u>2,209,857</u>
Cash and cash equivalents, end of year	<u>\$ 7,721,056</u>	<u>\$ 2,544,649</u>	<u>\$ 10,265,705</u>	<u>\$ 3,139,374</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:				
Cash and investments	\$ 7,631,006	\$ 2,317,834	\$ 9,948,840	\$ 3,139,374
Restricted cash	90,050	226,815	316,865	-
Cash and cash equivalents, end of year	<u>\$ 7,721,056</u>	<u>\$ 2,544,649</u>	<u>\$ 10,265,705</u>	<u>\$ 3,139,374</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (659,123)	\$ (1,143,568)	\$ (1,802,691)	\$ (771,636)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	2,542,675	626,972	3,169,647	644,347
Amortization	43,021	7,665	50,686	-
Decrease (increase) in:				
Receivables	257,743	71,481	329,224	60,695
Due from other funds	(143,420)	(17,698)	(161,118)	(260)
Due from component unit - EDA	-	33,753	33,753	-
Prepaid expenses	38,606	13,302	51,908	8,799
Increase (decrease) in:				
Accounts payable	(587,516)	(35,021)	(622,537)	(5,904)
Retainage payable	(239,255)	-	(239,255)	-
Deposits payable	(344)	(5,000)	(5,344)	-
Salaries, taxes and benefits payable	(16,944)	(3,739)	(20,683)	26,746
Unearned revenue	529	(8,720)	(8,191)	-
Due to other funds	7,005	(37,447)	(30,442)	2,799
Compensated absences	35,147	(2,686)	32,461	7,062
Net OPEB obligation	-	-	-	672,047
Advance from other fund	-	(250,000)	(250,000)	-
Net cash provided by (used in) operating activities	<u>\$ 1,278,124</u>	<u>\$ (750,706)</u>	<u>\$ 527,418</u>	<u>\$ 644,695</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	\$ 1,637,892	\$ 104,385	\$ 1,742,277	\$ 3,625
Donated property	\$ 604,078	\$ 6,114,146	\$ 6,718,224	\$ -
Transfer out of capital assets	\$ -	\$ -	\$ -	\$ 18,217

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Assets and Liabilities
Agency Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash and investments	\$ 3,667,222
Other receivables	176,951
Total assets	<u>\$ 3,844,173</u>
LIABILITIES	
Accounts payable	\$ 278,161
Salaries, taxes and benefits payable	664,785
Amounts held for others	2,901,227
Total liabilities	<u>\$ 3,844,173</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

York County, which was originally named Charles River County, was one of Virginia's eight original "shires" formed in 1634. It was renamed nine years later in 1643 when the river that determines the County's character was also given the name of the then Duke of York. York County has played a major role in the development of this nation. Most importantly, it was the location of the culminating battle of the Revolutionary War and the subsequent surrender of Lord Cornwallis and his British army on October 19, 1781.

The County of York, Virginia (the County) is organized under the traditional form of government (as defined under Virginia Law). The governing body of the County is the Board of Supervisors that establishes policies for the administration of the County. The Board of Supervisors comprises five members: one member from each of five districts, elected for a four-year term by the voters of the district in which the member resides. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting and reporting policies are described below.

The Reporting Entity

The County's financial reporting entity is defined and its financial statements are presented in accordance with GASB Statement No.14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units. This Statement defines the distinction between the County as a primary government and its related entities.

The financial reporting entity consists of the primary government and its discretely presented component units, which are legally, separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. The primary government may also be financially accountable if the component unit is fiscally dependent on the primary government regardless of whether the component unit has a separately elected governing board. As such, the York County School Division (the School Division), the Economic Development Authority of York County (EDA) and the Marquis Community Development Authority (CDA) are reported as separate and discretely presented component units in the County's reporting entity. The primary government is hereafter referred to as the "County" and the reporting entity, which includes the County and its component units, is hereafter referred to as the "Reporting Entity."

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

As required by GAAP, the accompanying basic financial statements include all activities of the County. The component unit columns in the basic financial statements include the financial data of the County's three discretely presented component units. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. All of the component units have a June 30 year-end. A description of the discretely presented component units follows:

The **York County School Division (the School Division)** is responsible for elementary and secondary education within the County. Since January 1, 1996, the citizens of the County have elected the members of the School Division. The School Division is fiscally dependent upon the County because the Board of Supervisors approves the School Division's annual budget, levies the necessary taxes to finance the School Division's operations and approves the borrowing of money and the issuance of bonds. Separate audited financial statements are available from the School Division at 302 Dare Road, Yorktown, Virginia, 23692.

The **Economic Development Authority of York County (EDA)** was originally established under the Industrial Development and Revenue Bond Act - *Code of Virginia*. The 2004 General Assembly amended the Code of Virginia Section 15.2-4903 to allow localities to change the name of their Industrial Development Authorities if so authorized by the local governing body and the EDA took such action. A separate board appointed by the Board of Supervisors governs the EDA. The EDA is fiscally dependent upon the County because substantially all of its income is derived from an appropriation from the County. The EDA has the responsibility to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the County. Separate audited financial statements are available from the EDA at P.O. Box 612, Yorktown, Virginia, 23690.

The **Marquis Community Development Authority (CDA)** was created pursuant to the Virginia Water and Waste Authorities Act (the "Act"), beginning with 15.2-5100 *et. seq.* of the Code of Virginia, 1950, by an ordinance adopted by York County's Board of Supervisors on December 19, 2006. The Marquis Development Authority District (the "District") consists of a land area of approximately 222.85 acres in York County, Virginia just outside of the City of Williamsburg, Virginia. The Act provides that the Authority may issue bonds to finance infrastructure improvements located within or benefiting the District and the Board of Supervisors, at the request of the Authority, may levy and collect special assessments within the District and appropriate such sums to the Authority for use in paying the administrative expenses and debt service requirement in connection with any such bonds. On November 28, 2007, the Authority issued \$32,860,000 Revenue Bonds, Series 2007. The principal of and the interest on the 2007 bonds do not constitute a pledge of the faith and credit of York County and therefore the faith and credit of York County have not been pledged to the payment of the principal of or interest on the 2007 bonds. The issuance of the 2007 bonds does not directly, indirectly or contingently obligate York County to levy any taxes or to make any appropriation for their payment except from the revenues and receipts pledged therefore. Pursuant to the Act, York County is expressly precluded from paying the principal of or interest on the 2007 bonds except from the special assessments and the incremental tax revenues. Separate audited financial statements are available from Marycarol C. White, Chairman, Marquis Community Development Authority at 120 Alexander Hamilton Boulevard, Yorktown, Virginia 23690.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

Joint Venture Government Organizations

The County does not include in the basic financial statements certain authorities created as separate governments under the laws of the Commonwealth of Virginia. These authorities are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the County although the County Board of Supervisors appoints certain members of their governing bodies. While the County may have some reversionary interest in the assets of these entities in the event they are dissolved, the nature and extent of that interest would be subject to negotiation at the time of dissolution. The County does not include these entities as component units because they do not meet the criteria as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The **Virginia Peninsulas Public Service Authority (VPPSA)** was established under the Virginia Water and Sewer Authorities Act - *Code of Virginia*. A separate ten-member board of which the County appoints one representative governs VPPSA. VPPSA was formed for the purpose of developing regional refuse collection, waste reduction and disposal alternatives with the ultimate goal of acquiring, financing, constructing and/or operating and maintaining a residential, commercial and industrial garbage and refuse collection and disposal system or systems. VPPSA is fiscally independent of the County because substantially all of its income is generated through the collection of user fees. Separate audited financial statements are available from VPPSA at 300 McLaws Circle, Suite 200, Williamsburg, Virginia 23185.

The **Virginia Peninsula Regional Jail Authority (Jail Authority)** was created pursuant to Article 3.1, Chapter 3, Title 53.1 of the *Code of Virginia* to finance, acquire, construct, equip, maintain and operate a regional jail. A separate seven-member board of which the County Sheriff serves as a member and the County appoints one representative governs the Jail Authority. The Jail Authority is fiscally independent of the County because substantially all of its income is generated from payments by the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs, a portion of salaries and benefits of certain regional jail employees and a charge for prisoners housed at the jail. Separate audited financial statements are available from the Jail Authority, c/o the County of James City at P.O. Box 8784, Williamsburg, Virginia 23187-8784.

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

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-wide and Fund Financial Statements

The basic financial statements are composed of both government-wide and fund financial statements. The government-wide statements, the statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the County and its component units.

Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses of a function and program revenues. Direct expenses are those that are specifically associated with a specific function or segment. Program revenues include fees, fines and charges paid by the recipients of goods or services offered by the function or segment; and grants and contributions that are restricted to meet the operations or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, Financial Statement Presentation

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which are custodial in nature (assets and liabilities) and have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue from the use of money and property and from intergovernmental reimbursement grants is recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter. The primary revenues susceptible to accrual include property taxes, sales taxes and other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are generally recorded when the related fund liability is incurred.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

Debt service expenditures, as well as compensated absences and claims and judgments, are recorded when payment is due. The County reports the following major governmental funds:

General Fund: the County's primary operating fund; accounts for revenue sources and expenditures not required to be accounted for in other funds.

Tourism Fund: accounts for the receipt and disbursement of 3% of the lodging tax and the \$2.00 additional tax restricted by the Commonwealth of Virginia for tourism activities.

Yorktown Capital Improvements Fund: accounts for financial resources to be used for acquisition or construction in the historical Yorktown area.

Capital Projects - County Capital Fund: accounts for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by proprietary funds).

The County reports the following nonmajor governmental funds:

Special Revenue Funds: The Children's Services/Head Start, Virginia Public Assistance, Law Library and Community Development Authority Revenue Account Funds are used to account for the proceeds of federal, state and local sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds: The County and Education Funds are used to account for the receipt and payment of bonds and loans issued for the acquisition, construction and maintenance of County equipment and facilities and educational equipment and facilities.

Stormwater Capital Projects Fund: accounts for financial resources to be used for drainage maintenance projects.

The County reports the following major enterprise fund:

Sewer Utility Fund: accounts for the operations of the County's sewer utility systems.

The County reports the following nonmajor enterprise funds:

Yorktown Operations Fund: accounts for the operations at the Yorktown waterfront.

York Sanitary District Fund: accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 1 utility systems.

Upper County Utility Fund: accounts for the capital assets as of January 1, 1992 of the upper County utility systems.

Solid Waste Fund: accounts for the operations of the County's solid waste disposal system.

Water Utility Fund: accounts for operations of the County's water utility systems.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

Sanitary District No. 2 Fund: accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 2 utility systems.

Regional Radio System Fund: accounts for the County's joint emergency communication system with James City County.

The County reports the following additional fund types:

Internal Service Funds: The Vehicle Maintenance Fund accounts for the operation of the vehicle maintenance and replacement services that are provided to County departments on a cost reimbursement basis. The Other Post-Employment Benefits Fund accounts for subsidy payments for eligible retirees of the County towards health insurance coverage in a plan sponsored by the County.

Agency Funds: The County's agency funds account for fiscal funds held for the Colonial Services Board; the Colonial Group Home Commission; the Special Welfare Board; regional projects, the Peninsula Public Sports Facility Authority, the Darby-Firby Neighborhood Corporation, and the Library Board.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Sewer Utility and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted on an as needed basis.

Property Taxes

The two major sources of property taxes are described below:

Real Estate: The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute, each year as of January 1 on the estimated market value of the property.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

All real estate property is assessed biennially. Real estate taxes are billed in semi-annual installments due June 5 and December 5. Liens are placed on the property on the date real estate taxes are delinquent, June 6 and December 6, and must be satisfied prior to the sale or transfer of the property. Real estate taxes reported as revenue are for the assessment due December 5, 2008 and June 5, 2009, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2008 and 2009 was \$0.6575, per \$100 of assessed value.

Personal Property: The County levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1. Personal property taxes are billed in equal semi-annual installments due June 5 and December 5. Personal property taxes do not create a lien on property. The personal property taxes reported as revenue are for the levies due December 5, 2008, and June 5, 2009, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2008 and 2009 was \$4.00 per \$100 of assessed value.

The County's property tax collection records show that 95.75% of the property taxes due for the current tax year were collected.

Allowance for Uncollectible Amounts

Provision for uncollectible property taxes is based upon a historical percentage of accounts written off applied to the total levies of all years carried in taxes receivable and, in certain cases, specific account analysis. Provision for uncollectible solid waste, water and sewer service bills is based upon a historical analysis of uncollected accounts and, in certain cases, specific account analysis.

Cash and Temporary Investments

The County utilizes the pooled cash investment method. Income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and temporary investments of each fund to the total pooled cash and temporary investments. See Note 2 for description of cash and temporary investment policies. Investments are stated at fair value.

Inventories

Inventories consist of materials and supplies held for future consumption and are stated using the first-in, first-out method. Inventory is accounted for under the purchase method.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advances

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account to applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

Capital assets include land, land improvements, buildings and improvements, infrastructure, equipment, and vehicles. Infrastructure that meets the County's capitalization threshold, acquired prior to the implementation of GASB Statement No. 34 has been reported. All acquisitions of land; land improvements, infrastructure, and equipment that individually costs \$5,000 or more; vehicles that individually costs \$10,000 or more; and buildings and improvements that individually costs \$30,000 or more and with useful lives greater than two years are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if constructed or purchased. Donated capital assets are recorded at fair market value at the date of donation. Capital assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 - 20
Buildings and improvements	10 - 50
Infrastructure	10 - 50
Equipment	3 - 20
Vehicles	3 - 20

Compensated Absences

County employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination or death, may be compensated for certain amounts at their then current rates of pay. A liability for these amounts is reported in governmental funds only if they have matured, for the reasons stated above. The current and noncurrent liability for accrued vacation and sick leave benefits at June 30, 2009 has been reported in the government-wide statements, representing the County's commitment to fund such costs from future operations. In the proprietary funds, the amount of compensated absences recognized is the amount earned. Such benefits are included in the government-wide statements. The amount due within one year has been estimated based on historic trends.

Net Assets/Fund Equity

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through state statute. The \$1,113,484 restricted for other purposes represents \$5,000 for junkyard deposits, \$11,484 for donations and \$1,097,000 for a special assessment due from the Marquis Community Development Authority.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Statement of Cash Flows

For purposes of the statement of cash flows, cash and temporary investments with original maturities of three months or less are considered to be cash and cash equivalents.

Use of Estimates

Management of the County has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Any differences between these estimates and actual results should immaterially affect the County's reporting of its financial position.

Credit Risk

The assessed value of real estate and personal property for the County's ten largest taxpayers comprises 10.46% of the County's tax base. Concentration of credit risk with respect to receivables is limited due to the large number of customers comprising the County's customer base.

2. DEPOSITS AND INVESTMENTS

The Code of Virginia, as amended, requires the election of a County Treasurer. The County's Treasurer is the custodian of cash and investments for the County, EDA and School Division. Oversight for investment activity is the responsibility of the Treasurer. All cash is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

At June 30, 2009, the County's cash and investments, including \$3,667,222 in fiduciary funds, consisted of:

Bank deposits	\$ 4,757,948
Restricted cash	3,600,773
Investments	85,454,640
Petty cash	<u>4,725</u>
Total cash and investments	<u>\$ 93,818,086</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

2. DEPOSITS AND INVESTMENTS, Continued

The County's restricted cash at June 30, 2009 consisting of the following: \$5,000 of surety deposits for junkyards held in the County and junkyards' names; \$1,254,081 of donations and grants received for specific purposes; \$2,024,827 for unspent bond proceeds; \$226,815 for funds held in escrow for debt payments on a capital lease with the Virginia Peninsulas Public Service Authority; \$87,878 for debt payments for the sewer revenue bonds; and \$2,172 for funds held in escrow for retainage.

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). LGIP is managed in accordance with the "2a7 like pool" risk limiting requirements of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" with the portfolio securities valued by the amortized cost method. Investments with a maturity date of one year or less are stated at amortized cost. The fair value of the County's position in the LGIP is the same as the value of the pool shares. All other investments are stated at fair value.

Credit Risk

As required by state statute, the policy requires that commercial paper be rated "prime quality" by at least two nationally recognized statistical rating organizations (A-1 by both Standard & Poor's and Moody's Investor Service) and corporate notes and bonds must be rated in the AAA or AA categories by both Standard & Poor's and Moody's Investor Service. The County's policy further limits credit risk by limiting investments in securities that have higher credit risks.

As of June 30, 2009, the County's investments as rated by Standard & Poor's were as follows:

<u>Investment Type</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
Virginia LGIP	\$ 34,423,108	\$ -	\$ -
Money market	21,065,542	-	-
Municipal bonds	-	2,801,258	-
Federal agency bonds and notes	15,140,558	-	-
Corporate obligations	<u>2,592,242</u>	<u>8,421,256</u>	<u>1,010,676</u>
Total investments	<u>\$ 73,221,450</u>	<u>\$ 11,222,514</u>	<u>\$ 1,010,676</u>

Concentration of Credit Risk

State statute limits the percentage of the portfolio that can be invested in any one issuer, excluding the U.S. Government, U.S. Government Agencies, the Commonwealth of Virginia and its authorities, mutual funds and pooled investment funds. Furthermore, no more than 35% of total available funds may be invested in commercial paper.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

2. DEPOSITS AND INVESTMENTS, Continued

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's policy limits the investment portfolio holdings to no more than 18 months, unless approved by the Treasurer. As of June 30, 2009, the carrying values and weighted average maturity of the County's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Money market-Virginia LGIP	\$ 34,423,108	-
Money market	21,065,542	-
Municipal bonds	2,801,258	1.06
Federal agency bonds and notes	15,140,558	0.90
Corporate obligations	12,024,174	1.29
Total investments	<u>\$ 85,454,640</u>	
Weighted average of portfolio		<u>0.48</u>

Custodial Credit Risk

The policy requires that all investment securities purchased by the County be held by an independent third-party custodian and evidenced by safekeeping receipts in the County's name. As of June 30, 2009, all of the County's investments were held in a bank's trust department in the County's name.

Discretely Presented Component Units

At June 30, 2009, the cash and investments, excluding the School's fiduciary funds of \$3,187,124, consisted of:

	<u>School Division</u>	<u>EDA</u>	<u>CDA</u>
Bank deposits	\$ 4,967,098	\$ 15,955	\$ 4
Restricted cash	637,343	65,794	10,915,065
Investments	<u>3,818,566</u>	<u>355,945</u>	<u>114,997</u>
Total cash and investments	<u>\$ 9,423,007</u>	<u>\$ 437,694</u>	<u>\$ 11,030,066</u>

The School Division's investment is with LGIP and rated AAA by Standard and Poor's. Restricted cash at June 30, 2009 consisted of unspent bond proceeds.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

2. DEPOSITS AND INVESTMENTS, Continued

The EDA's restricted cash at June 30, 2009 consisting of tenant security deposits on Riverwalk Landing rentals and York River Commerce Park. At June 30, 2009, the EDA had investments in LGIP of \$353,942 (rated AAA by Standard & Poor's) and common stock equity in Waterside Capital Corporation of \$2,003, stated at fair value.

The CDA's restricted cash and investments at June 30, 2009 consisted of unspent bond proceeds. Of the total, \$163,115 was invested in the US Treasury money market fund and \$10,866,947 was invested in SNAP money market mutual funds. Both are rated AAA by Standard & Poor's and were stated at cost, which approximates fair value.

3. RECEIVABLES

At June 30, 2009, receivables were as follows:

	General	Tourism	Yorktown Capital Imps	County Capital	Nonmajor Governmental Funds	Sewer Utility	Nonmajor Enterprise Funds	Internal Service Funds
Property taxes	\$ 5,369,270	\$ -	\$ -	\$ -	\$ 1,114,019	\$ -	\$ -	\$ -
Vehicle registration fees	510,866	-	-	-	-	-	-	-
Other taxes	2,157,832	187,608	-	-	97,514	-	-	-
Accounts	225,523	-	1,000	-	110,708	1,169,496	619,715	63,152
Interest	25,002	430	490	10,321	6,167	11,968	3,816	4,962
Notes	-	-	1,504,110	-	-	-	-	-
Intergovernmental:								
Federal	68,194	-	-	-	260,028	-	-	-
State	4,718,427	-	-	85,000	499,128	-	-	-
Receivables, gross	13,075,114	188,038	1,505,600	95,321	2,087,564	1,181,464	623,531	68,114
Less allowance for doubtful accounts	(1,646,578)	(55,420)	-	-	-	(56,715)	(26,488)	-
Receivables, net	\$ 11,428,536	\$ 132,618	\$ 1,505,600	\$ 95,321	\$ 2,087,564	\$ 1,124,749	\$ 597,043	\$ 68,114

In 2002, the County agreed to loan the EDA up to \$1,100,000 for the relocation and renovation of the Yorktown Freight Shed Building as part of a multi-million dollar renovation project to the Yorktown waterfront area. To realize significant savings, the County utilized historic building renovation tax credits, available through federal and Virginia income tax codes. To utilize the tax credits, title to the Freight Shed building was conveyed by the Yorktown Trustees to Yorktown Freight Shed, L.P. (a Virginia limited partnership), created to hold title to the building and to oversee the project with money provided by the County through the EDA. Interest on the outstanding principal balance of the note is due at a rate of 5.5% per annum. At June 30, 2009, the outstanding balance of the note receivable, including accrued interest of \$294,776 was \$1,100,286.

In 2005, the County agreed to loan the EDA \$500,000 for restaurant equipment and related items. The EDA signed an agreement to lease equipment to a tenant who operates a restaurant at Riverwalk Landing. The lease agreement includes a repayment schedule based on a 20-year amortization schedule with a final balloon payment after ten years. Interest on the outstanding principal balance of the note is due at a rate of 4.14% per annum and the outstanding balance of the note receivable, including interest of \$1,725 at June 30, 2009, was \$403,824.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

4. INTERFUND AND COMPONENT UNIT TRANSACTIONS

The composition of interfund balances as of June 30, 2009 is as follows:

<u>Due from Fund</u>	<u>Due to Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	County Capital Project	Cash for projects	\$ 1,544,493
	Nonmajor governmental	Program match	
		and meals tax	79,079
	Sewer Utility	Meals tax	178,866
	Nonmajor enterprise	Meals tax	19,433
	Internal service funds	Reimbursement	<u>260</u>
Total Due to other funds			<u>\$ 1,822,131</u>
Nonmajor governmental	General	Reimbursement	150,000
	County Capital Project	Cash for projects	
		and bond proceeds	<u>2,393,394</u>
Total Due to other funds			<u>\$ 2,543,394</u>
Sewer Utility	General	Reimbursement	<u>\$ 7,005</u>
Nonmajor enterprise	General	Reimbursement	\$ 2,645
	Sewer Utility	Reimbursement	<u>2,294</u>
Total Due to other funds			<u>\$ 4,939</u>
Internal service funds	General	Reimbursement	\$ 2,918
	Sewer Utility	Reimbursement	<u>13</u>
Total Due to other funds			<u>\$ 2,931</u>
<u>Advance from Fund</u>	<u>Advance to Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Tourism	Infrastructure	\$ 8,593,928
	Yorktown Operations	Land purchase	<u>2,850,000</u>
Total Advances to other funds			<u>\$ 11,443,928</u>
Tourism	Yorktown Capital Improvements	Infrastructure	<u>\$ 8,800,000</u>

The advances from the General Fund and Tourism Fund were capital project loans and are not expected to be fully repaid in the subsequent year. Repayments have begun from revenue generated by tourism and are expected to continue until the advances are fully liquidated.

<u>Due from Entity</u>	<u>Due to Entity</u>	<u>Purpose</u>	<u>Amount</u>
County of York	School Division	Operations	<u>\$ 14,129,297</u>
EDA	County of York	Riverwalk Landing lease	<u>\$ 79,696</u>
County of York	CDA	Incremental tax revenues	<u>\$ 286,816</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

4. INTERFUND AND COMPONENT UNIT TRANSACTIONS, Continued

All transfers made during the year were routine and consistent with the activities of the funds.

<u>Fund</u>	<u>Transfers Out Fund</u>	<u>Transfers In Fund</u>
General	\$ 21,770,921	\$ 262,500
Tourism	1,205,232	1,897,301
Yorktown Capital Improvements	-	646,811
County Capital	200,000	21,682,887
Nonmajor governmental	17,655,894	12,107,863
Sewer Utility	1,303	1,946,367
Nonmajor enterprise	-	1,385,478
Internal service	18,217	904,143
Total	<u>\$ 40,851,567</u>	<u>\$ 40,833,350</u>

The difference between transfers out and transfers in represents a capital asset transferred from the Internal Service Fund - Vehicle Maintenance to the General Fund, which does not report capital assets in the fund statements.

Significant transactions between the primary government and component units during fiscal year 2009 were as follows:

<u>Purpose</u>	<u>Amount</u>
Payments from County to School Division:	
School operations	\$ 44,736,097
School technology and State electronic classroom	369,188
Payments to County from School Division:	
Year-end reversion entry	<u>(403,810)</u>
Total General Fund	<u>\$ 44,701,475</u>
Payments from County to School Division:	
School construction, bond proceeds - Total County Capital Fund	<u>\$ 5,500,552</u>
School construction, cash for projects - Total County Education Debt Service Fund	<u>\$ 410,000</u>
Statement of Activities - Payment from County of York	<u>\$ 50,612,027</u>
Payment from County to Economic Development Authority:	
General Fund - economic development	<u>\$ 1,044,200</u>
Payment from County to Community Development Authority:	
Nonmajor governmental fund - incremental tax revenue	<u>\$ 368,567</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government:	Restated			Balance
Governmental Activities:	Balance			Balance
Capital assets not being depreciated:	July 1, 2008	Additions	Reductions	June 30, 2009
Land	\$ 9,508,052	\$ -	\$ -	\$ 9,508,052
Construction in progress	<u>14,252,468</u>	<u>423,525</u>	<u>(14,106,271)</u>	<u>569,722</u>
Total capital assets not being depreciated	<u>23,760,520</u>	<u>423,525</u>	<u>(14,106,271)</u>	<u>10,077,774</u>
Capital assets being depreciated:				
Land improvements	10,061,252	11,701,183	-	21,762,435
Buildings and improvements	38,846,443	3,803,742	-	42,650,185
Infrastructure	11,612,092	3,142,915	-	14,755,007
Equipment	19,643,123	1,430,092	(321,442)	20,751,773
Vehicles	<u>11,161,374</u>	<u>4,023,131</u>	<u>(1,464,075)</u>	<u>13,720,430</u>
Total capital assets being depreciated	<u>91,324,284</u>	<u>24,101,063</u>	<u>(1,785,517)</u>	<u>113,639,830</u>
Less accumulated depreciation for:				
Land improvements	(3,421,280)	(936,399)	-	(4,357,679)
Buildings and improvements	(8,446,548)	(811,175)	-	(9,257,723)
Infrastructure	(2,130,448)	(459,181)	-	(2,589,629)
Equipment	(8,470,595)	(1,916,532)	244,482	(10,142,645)
Vehicles	<u>(5,965,074)</u>	<u>(999,100)</u>	<u>1,192,835</u>	<u>(5,771,339)</u>
Total accumulated depreciation	<u>(28,433,945)</u>	<u>(5,122,387)</u>	<u>1,437,317</u>	<u>(32,119,015)</u>
Total capital assets being depreciated, net	<u>62,890,339</u>	<u>18,978,676</u>	<u>(348,200)</u>	<u>81,520,815</u>
Governmental activities capital assets, net	<u>\$ 86,650,859</u>	<u>\$ 19,402,201</u>	<u>\$ (14,454,471)</u>	<u>\$ 91,598,589</u>

Depreciation expense was charged to functions of the primary government for governmental activities as follows:

Governmental activities:	
General government	\$ 1,211,608
Judicial services	222,648
Public safety	1,932,731
Environmental and development services	25,201
Finance and planning	177,263
Education	126,065
Human services	1,176
General services	181,023
Community services	600,325
Internal Service Fund - charged to functions based on usage	<u>644,347</u>
Total depreciation expense - governmental activities	<u>\$ 5,122,387</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

5. CAPITAL ASSETS, Continued

	Restated Balance	July 1, 2008	Additions	Reductions	Balance June 30, 2009
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 3,749,600	\$	-	\$ (9,400)	\$ 3,740,200
Construction in progress	<u>9,331,213</u>	<u>1,192,558</u>	<u>(2,456,073)</u>	<u>8,067,698</u>	<u>8,067,698</u>
Total capital assets not being depreciated	<u>13,080,813</u>	<u>1,192,558</u>	<u>(2,465,473)</u>	<u>11,807,898</u>	<u>11,807,898</u>
Capital assets being depreciated:					
Land improvements	8,295	28,860	-	37,155	37,155
Buildings and improvements	17,200,714	435,827	(710,680)	16,925,861	16,925,861
Infrastructure	110,071,187	1,693,020	(4,628,207)	107,136,000	107,136,000
Equipment	2,839,116	2,102,610	(189,910)	4,751,816	4,751,816
Vehicles	<u>1,259,720</u>	<u>420,629</u>	<u>(83,091)</u>	<u>1,597,258</u>	<u>1,597,258</u>
Total capital assets being depreciated	<u>131,379,032</u>	<u>4,680,946</u>	<u>(5,611,888)</u>	<u>130,448,090</u>	<u>130,448,090</u>
Less accumulated depreciation for:					
Land improvements	(2,282)	(1,137)	-	(3,419)	(3,419)
Buildings and improvements	(8,235,357)	(695,263)	106,602	(8,824,018)	(8,824,018)
Infrastructure	(25,134,500)	(2,150,279)	648,092	(26,636,687)	(26,636,687)
Equipment	(2,133,330)	(261,801)	182,382	(2,212,749)	(2,212,749)
Vehicles	<u>(783,397)</u>	<u>(61,167)</u>	<u>70,627</u>	<u>(773,937)</u>	<u>(773,937)</u>
Total accumulated depreciation	<u>(36,288,866)</u>	<u>(3,169,647)</u>	<u>1,007,703</u>	<u>(38,450,810)</u>	<u>(38,450,810)</u>
Total capital assets being depreciated, net	<u>95,090,166</u>	<u>1,511,299</u>	<u>(4,604,185)</u>	<u>91,997,280</u>	<u>91,997,280</u>
Business-type activities capital assets, net	<u>\$ 108,170,979</u>	<u>\$ 2,703,857</u>	<u>\$ (7,069,658)</u>	<u>\$ 103,805,178</u>	<u>\$ 103,805,178</u>

Depreciation expense was charged to functions of the primary government for business-type activities as follows:

Business-type activities:	
Sanitary District No. 2	\$ 403,971
Solid waste	113,507
Sewer utility	2,542,675
York Sanitary District	45,341
Upper County utility	16,000
Water utility	<u>48,153</u>
Total depreciation expense - business-type activities	<u>\$ 3,169,647</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

5. CAPITAL ASSETS, Continued

Discretely Presented Component Units:

School Division:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 4,826,494	\$ -	\$ -	\$ 4,826,494
Construction in progress	1,076,658	2,078,061	(1,076,658)	2,078,061
Total capital assets not being depreciated	<u>5,903,152</u>	<u>2,078,061</u>	<u>(1,076,658)</u>	<u>6,904,555</u>
Capital assets being depreciated:				
Improvements other than buildings	3,853,790	341,881	-	4,195,671
Buildings and improvements	162,348,221	3,419,878	-	165,768,099
Equipment	1,977,071	535,148	(59,229)	2,452,990
Vehicles	9,258,091	1,650,574	-	10,908,665
Total capital assets being depreciated	<u>177,437,173</u>	<u>5,947,481</u>	<u>(59,229)</u>	<u>183,325,425</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,533,984)	(58,996)	-	(1,592,980)
Buildings and improvements	(44,614,724)	(3,365,785)	-	(47,980,509)
Equipment	(861,852)	(175,445)	32,972	(1,004,325)
Vehicles	(3,818,280)	(683,868)	-	(4,502,148)
Total accumulated depreciation	<u>(50,828,840)</u>	<u>(4,284,094)</u>	<u>32,972</u>	<u>(55,079,962)</u>
Total capital assets being depreciated, net	<u>126,608,333</u>	<u>1,663,387</u>	<u>(26,257)</u>	<u>128,245,463</u>
School Division capital assets, net	<u>\$ 132,511,485</u>	<u>\$ 3,741,448</u>	<u>\$ (1,102,915)</u>	<u>\$ 135,150,018</u>

Community Development Authority:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital assets not being depreciated:				
Construction in progress	\$ 18,752,210	\$ 471,568	\$ -	\$ 19,223,778
Capitalized interest	1,083,976	1,843,185	-	2,927,161
Less interest revenue on investments	(307,535)	(207,185)	-	(514,720)
Total capital assets not being depreciated	<u>19,528,651</u>	<u>2,107,568</u>	<u>-</u>	<u>21,636,219</u>
Capital assets being depreciated:				
Software	-	9,000	-	9,000
Less accumulated depreciation	-	-	-	-
Total capital assets being depreciated, net	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Community Development Authority capital assets, net	<u>\$ 19,528,651</u>	<u>\$ 2,116,568</u>	<u>\$ -</u>	<u>\$ 21,645,219</u>

6. DEFERRED/UNEARNED REVENUE

Deferred/unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, deferred revenue reflects amounts that are measurable, but not available.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

6. DEFERRED/UNEARNED REVENUE, Continued

At June 30, 2009, deferred revenue in the governmental funds consisted of the following:

<u>Purpose</u>	<u>Amount</u>
Uncollected taxes	\$ 4,834,753
Tax receipts for December 5, 2009 assessment	252,393
Advance payment for shared cost services	21,878
Advance rental payments	4,716
Advance payments for stormwater dredging	55,000
Note receivable - EDA	1,100,286
Public safety grants received in advance	786,359
Grant revenue expected for expenditures incurred	<u>311,628</u>
Total deferred revenue - governmental funds	<u>\$ 7,367,013</u>

At June 30, 2009, unearned revenue in the proprietary funds consisted of the following:

<u>Purpose</u>	<u>Amount</u>
Advance payment for a sewer construction project	\$ 74,760
Advance payments of sewer fees	9,900
Advance land lease payment	<u>25</u>
Total unearned revenue - proprietary funds	<u>\$ 84,685</u>

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt during the year ended June 30, 2009:

Primary Government:	Restated			Balance	Due Within
<u>Governmental Activities:</u>	Balance			June 30, 2009	One Year
	July 1, 2008	Additions	Reductions		
General obligation bonds	\$ 56,910,000	\$ 5,400,000	\$ (3,915,000)	\$ 58,395,000	\$ 4,065,000
Premium on bonds	1,324,825	127,552	(82,891)	1,369,486	-
Literary loans	400,000	-	(100,000)	300,000	100,000
Capital leases	953,896	151,400	(190,462)	914,834	211,907
Lease revenue bonds	15,595,000	17,230,000	(1,110,000)	31,715,000	1,150,000
Premium on bonds	-	396,139	(11,503)	384,636	-
Discount on bonds	(157,972)	-	10,245	(147,727)	-
Note payable	1,879,758	-	(259,318)	1,620,440	278,836
Compensated absences	3,689,101	3,910,317	(3,380,891)	4,218,527	138,020
Net OPEB obligation	<u>-</u>	<u>672,047</u>	<u>-</u>	<u>672,047</u>	<u>-</u>
Total Governmental Activities	<u>\$ 80,594,608</u>	<u>\$ 27,887,455</u>	<u>\$ (9,039,820)</u>	<u>\$ 99,442,243</u>	<u>\$ 5,943,763</u>
<u>Business-type Activities:</u>					
Revenue bonds	\$ 9,071,898	\$ -	\$ (285,965)	\$ 8,785,933	\$ 301,520
Premium on bonds	94,001	-	(4,700)	89,301	-
Deferred amount on refunding	(716,409)	-	35,820	(680,589)	-
Capital leases	730,000	2,038,931	(170,000)	2,598,931	439,326
Compensated absences	<u>308,682</u>	<u>286,831</u>	<u>(254,370)</u>	<u>341,143</u>	<u>2,075</u>
Total Business-type Activities	<u>\$ 9,488,172</u>	<u>\$ 2,325,762</u>	<u>\$ (679,215)</u>	<u>\$ 11,134,719</u>	<u>\$ 742,921</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

7. LONG-TERM DEBT, Continued

<u>Discretely Presented</u>	<u>Balance</u>			<u>Balance</u>	
<u>Component Units:</u>	<u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Due Within</u>
<u>School Division</u>					<u>One Year</u>
Capital leases	\$ 175,611	\$ -	\$ (85,769)	\$ 89,842	\$ 89,842
Compensated absences	1,652,298	1,103,216	(1,011,729)	1,743,785	1,190,000
Workers' compensation claims	<u>2,911,736</u>	<u>506,561</u>	<u>(541,370)</u>	<u>2,876,927</u>	<u>600,000</u>
Total School Division	<u>\$ 4,739,645</u>	<u>\$ 1,609,777</u>	<u>\$ (1,638,868)</u>	<u>\$ 4,710,554</u>	<u>\$ 1,879,842</u>
Economic Development Authority					
Notes payable	<u>\$ 1,240,522</u>	<u>\$ -</u>	<u>\$ (32,913)</u>	<u>\$ 1,207,609</u>	<u>\$ 27,079</u>
Community Development Authority					
Bonds payable	\$ 32,860,000	\$ -	\$ -	\$ 32,860,000	\$ -
Less unamortized bond discount	<u>(462,568)</u>	<u>-</u>	<u>45,499</u>	<u>(417,069)</u>	<u>-</u>
Total CDA	<u>\$ 32,397,432</u>	<u>\$ -</u>	<u>\$ 45,499</u>	<u>\$ 32,442,931</u>	<u>\$ -</u>

Arbitrage

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U. S. Treasury. The County is required to have arbitrage rebate calculations performed for its 2008 VPSA \$5,400,000 issue and 2008 VRA \$17,230,000 issue. As of June 30, 2009, there was no rebate liability.

General Obligation Bonds

General obligations bonds (GOB) are backed by the full faith and credit of the County. There are no sinking fund requirements. In 2009, the primary government issued \$5,400,000 of general obligation bonds to provide resources for classroom additions at Dare, Magruder and Yorktown Elementary Schools.

Outstanding general obligation bonds at June 30, 2009 of the primary government governmental activities are as follows:

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

7. LONG-TERM DEBT, Continued

GOB Series	Purpose	Bond Date	Maturity Date	Interest Rate	Balance June 30, 2009
VPSA 94A	Coventry, Magruder, Grafton Bethel schools	12/15/93	12/15/09	7.17-7.44%	130,000
VPSA 93C	School complex, Tabb, Yorktown Elementary	11/18/93	12/15/13	4.48-5.00%	305,000
VPSA 97I	Various school projects	11/20/97	07/15/17	4.35-5.35%	8,715,000
Series 01	Refinance 1994 issue for school construction	11/01/01	07/15/14	3.00-5.00%	10,680,000
VPSA 02B	Bruton High	11/07/02	07/15/22	2.35-5.10%	6,075,000
VPSA 03	Queens Lake	11/06/03	07/15/23	3.10-5.35%	3,240,000
VPSA 05	York High and School Board renovations	11/10/05	07/15/25	4.60-5.10%	13,505,000
VPSA 06	Yorktown Middle and New Horizons renovations	11/09/06	07/15/26	4.23-5.10%	10,345,000
VPSA 08	Dare, Magruder, Yorktown Elementary classrooms	12/11/08	07/15/28	3.60-5.35%	5,400,000
					\$ 58,395,000

The following is a summary of the repayment schedules for fiscal years:

Year	Governmental Activities	
	Principal	Interest
2010	\$ 4,065,000	\$ 2,816,144
2011	4,125,000	2,583,985
2012	4,320,000	2,372,479
2013	4,495,000	2,155,257
2014	4,750,000	1,927,755
2015 - 2019	17,085,000	6,639,202
2020 - 2024	13,040,000	3,150,746
2025 - 2029	6,515,000	527,289
	\$ 58,395,000	\$ 22,172,857

Literary Loans

Literary fund loans consist of loans from the State Literary Loan Fund for the construction and improvement of various schools. Outstanding literary loans at June 30, 2009 of the primary government governmental activities are as follows:

Project/Purpose	Loan Date	Maturity Date	Interest Rate	Balance June 30, 2009
Magruder Elementary	07/15/91	07/15/11	4.00%	\$ 300,000

The following is a summary of the repayment schedules for fiscal years:

Year	Governmental Activities	
	Principal	Interest
2010	\$ 100,000	\$ 12,000
2011	100,000	8,000
2012	100,000	4,000
	\$ 300,000	\$ 24,000

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

7. LONG-TERM DEBT, Continued

Compensated Absences

For governmental activities, compensated absences are typically liquidated by the general fund.

Lease Revenue Bonds

Principal payments will be made in annual installments and interest payments will be made in semi-annual installments. In 2009, the primary government issued \$17,230,000 Virginia Resources Authority lease revenue bonds to provide resources for the construction of the Sports Field Complex and additions to two fire stations.

Outstanding lease revenue bonds at June 30, 2009 of the primary government governmental activities are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>
2001	Refinance COPS Series 1990 and 1992	11/01/01	03/01/12	3.00-4.13%	\$ 970,000
2003	800 mhz system, equipment, parking garage	12/01/03	06/15/23	2.00-4.50%	13,515,000
2008	Sports Field Complex, fire station additions	12/01/08	10/01/29	3.125-5.327%	17,230,000
					<u>\$ 31,715,000</u>

The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,150,000	\$ 1,420,462
2011	1,730,000	1,368,570
2012	1,540,000	1,298,376
2013	1,430,000	1,237,563
2014	1,480,000	1,187,600
2015 - 2019	8,325,000	5,000,573
2020 - 2024	9,075,000	2,923,980
2025 - 2029	5,670,000	1,110,033
2030 - 2034	1,315,000	34,191
	<u>\$ 31,715,000</u>	<u>\$ 15,581,348</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

7. LONG-TERM DEBT, Continued

Note Payable

Note payable is a taxable-refunding note used to refinance the Virginia Retirement System (VRS) obligation incurred by the School Division in a one-time early retirement incentive program offered by VRS during the fiscal year 1992. Payments will be made in semi-annual installments plus interest calculated at 7.39% per annum. The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 278,836	\$ 114,693
2011	299,823	93,706
2012	322,388	71,140
2013	346,653	46,874
2014	372,740	20,784
	<u>\$ 1,620,440</u>	<u>\$ 347,197</u>

Revenue Bonds

The County anticipates that the amounts required for the payment of interest and principal on the bonds will be provided by the respective enterprise funds revenues. Revenue bonds at June 30, 2009 of the primary government business-type activities are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>
1992	Lackey sewer system	05/14/92	05/14/32	5.00%	\$ 480,933
2005	Sewer systems Refunding	06/08/05	06/01/29	3.00-5.00%	8,305,000
					<u>\$ 8,785,933</u>

The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 301,520	\$ 363,358
2011	312,103	354,075
2012	317,715	343,713
2013	333,359	333,157
2014	339,035	321,921
2015 - 2019	1,911,583	1,416,728
2020 - 2024	2,309,431	1,012,391
2025 - 2029	2,863,682	461,607
2030 - 2034	97,505	8,703
	<u>\$ 8,785,933</u>	<u>\$ 4,615,653</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

7. LONG-TERM DEBT, Continued

Virginia Peninsula Regional Jail Authority

In June 2003, the Virginia Peninsula Regional Jail Authority (Jail Authority), of which the County is a member jurisdiction as discussed in Note 1, issued \$21,655,000 of Regional Jail Facility Refunding Revenue Bonds, Series 2003. The original bonds were issued for the purpose of acquiring, constructing and equipping a Regional Jail Facility to serve its member jurisdictions. The bonds bear interest at 2% to 5%, paid semi-annually. The bonds mature in amounts ranging from \$570,000 on October 1, 2003 to \$2,765,000 on October 1, 2018. The outstanding balance at June 30, 2009 was \$15,455,000. The bonds are limited obligations of the Jail Authority, and do not constitute a general obligation debt or pledge of the faith and credit of any member jurisdiction, nor do they obligate any member jurisdiction to levy or pledge any form of taxation therefore. However, the County has entered into a non-binding moral obligation pledge of the member jurisdictions in which the member jurisdictions have agreed to pay their proportionate share of the debt service on the bonds and any debt service funding requirements if the Jail Authority lacks sufficient funds to do so. The County's proportionate share is 34%.

Economic Development Authority

In 2002, the County agreed to loan the EDA up to \$1,100,000 for the relocation and renovation of the Yorktown Freight Shed Building as part of a multi-million dollar renovation project to the Yorktown waterfront area. To realize significant savings, the County utilized historic building renovation tax credits, available through federal and Virginia income tax codes. To utilize the tax credits, title to the Freight Shed building was conveyed by the Yorktown Trustees to Yorktown Freight Shed, L.P. (a Virginia limited partnership), created to hold title to the building and to oversee the project with money provided by the County through the EDA. Interest on the outstanding principal balance of the note is due at a rate of 5.5% per annum. At June 30, 2009, the outstanding principal balance of the note payable was \$805,510.

In 2005, the County agreed to loan the EDA \$500,000 for restaurant equipment and related items. The EDA signed an agreement to lease equipment to a tenant who operates a restaurant at Riverwalk Landing. The lease agreement includes a repayment schedule based on a 20-year amortization schedule with a final balloon payment after ten years. Interest on the outstanding principal balance of the note is due at a rate of 4.14% per annum. At June 30, 2009, the outstanding principal balance on the note payable was \$402,099.

Community Development Authority

On November 27, 2007, the CDA issued special obligation bonds for \$32,860,000 to finance the construction of public infrastructure improvements located within the District. The bonds are limited obligations payable primarily from (1) incremental tax revenues collected by York County, Virginia, pursuant to the terms of the Memorandum of Understanding dated November 1, 2007 and (2) special assessments imposed and collected at the request of the CDA, by York County, Virginia against the taxable real property in the District.

Interest on the bonds is payable each March 1 and September 1, commencing March 1, 2008. Interest is computed on the basis of a year of 360 days and twelve 30-day months. Interest rates range from 5.1% - 5.625%.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

7. LONG-TERM DEBT, Continued

The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Community Development Authority</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ -	\$ 1,797,686
2011	1,180,000	1,767,596
2012	2,480,000	1,674,266
2013	2,845,000	1,538,478
2014	3,150,000	1,385,606
2015 - 2019	<u>23,205,000</u>	<u>3,742,453</u>
	<u>\$ 32,860,000</u>	<u>\$ 11,906,085</u>

8. LEASES

The County leases certain land, equipment and office space under noncancellable operating lease agreements. A summary of future minimum rental payments under these noncancellable operating leases as of June 30, 2009 is as follows:

<u>Year</u>	<u>Primary</u>	<u>Discretely Presented</u>
	<u>Government</u>	<u>Component Unit - School Division</u>
2010	\$ 406,180	\$ 186,272
2011	337,329	158,896
2012	308,719	149,978
2013	309,641	109,141
2014	310,591	-
2015-2019	1,465,992	-
2020-2024	1,469,684	-
2025-2029	1,138,940	-
2030-2034	1,311,626	-
2035-2039	1,509,678	-
2040-2044	<u>1,389,392</u>	<u>-</u>
Total minimum lease payments	<u>\$ 9,957,772</u>	<u>\$ 604,287</u>

Rental expenditures for the year ended June 30, 2009 for all operating leases were \$505,427 and \$195,301 for the County and Discretely Presented Component Unit - School Division, respectively.

The County leases the usage of its communication towers under operating lease agreements. The towers are included in capital assets as communications equipment with a cost of \$9,348,143 and accumulated depreciation of \$4,192,443, for a carrying amount of \$5,155,700 at June 30, 2009. A summary of the future minimum rental receipts under noncancellable operating leases as of June 30, 2009 is as follows:

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

8. LEASES, Continued

<u>Year</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit - School Division</u>
2010	\$ 362,667	\$ 309,504
2011	291,357	309,586
2012	291,357	309,533
2013	294,927	309,533
2014	172,214	-
2015-2019	774,164	-
2020-2024	576,253	-
2025-2029	555	-
2030-2034	555	-
2035-2039	500	-
2040-2044	500	-
2045-2049	100	-
Total minimum lease payments	<u>\$ 2,765,149</u>	<u>\$ 1,238,156</u>

Rental revenue receipts for all operating leases were \$578,418 for the County and \$202,453 for the School Division for the year ended June 30, 2009.

The County leases certain equipment and a building under capital lease agreements. A summary of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2009 is as follows:

<u>Year</u>	<u>Primary Government</u>		<u>Discretely Presented Component Unit - School Division</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
2010	\$ 241,497	\$ 540,225	\$ 94,111
2011	241,497	538,025	-
2012	241,498	540,625	-
2013	48,994	337,825	-
2014	44,853	337,824	-
2015-2019	149,707	675,650	-
2020-2024	19,311	-	-
Total minimum lease payments	<u>987,357</u>	<u>2,970,174</u>	<u>94,111</u>
Less amount representing interest	<u>(72,523)</u>	<u>(371,243)</u>	<u>(4,269)</u>
Present value of principal	<u>\$ 914,834</u>	<u>\$ 2,598,931</u>	<u>\$ 89,842</u>

The gross value of capital assets under capital lease agreements is as follows: Governmental Activities - \$1,558,574 (equipment) and Business-type Activities - \$1,183,701 (buildings) and \$2,038,931 (equipment).

9. DEFINED BENEFIT PENSION PLANS

Plan Descriptions

The County has three defined benefit pension plans. In the first plan (the "County" plan), the County contributes to the Virginia Retirement System (VRS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

9. DEFINED BENEFIT PENSION PLANS, Continued

The County payroll for employees covered by the VRS for the year ended June 30, 2009 was \$35,757,193 out of the total payroll of \$39,664,331.

In the second plan (the "School Division" plan), professional employees of the School Division are covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool. The payroll for professional employees covered by VRS for the year ended June 30, 2009 was \$63,082,361 and the total payroll was \$64,343,100. As of June 30, 1992, non-professional employees of the School Division are also covered by the VRS. Non-professional employees participate as a separate group in the agent multiple-employer retirement system. The payroll for non-professional employees covered by VRS for the year ended June 30, 2009 was \$6,227,359 and the total payroll was \$7,588,840.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers, firefighters and sheriffs) or at age 50 with 30 years of service if elected by the employer (age 50 with 25 years for participating law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

In the third plan (the "optional" plan), non-professional employees of the School Division who were not previously covered by VRS are provided pension benefits through a single employer defined benefit pension plan administered by a fiduciary agent of the School Division. The optional plan provides retirement benefits as well as death and disability benefits. As of June 30, 1992, the optional plan was frozen and the non-professional employees who participated in the plan became fully vested. The non-professional employees now participate in the VRS.

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the County and by the School Division.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

9. DEFINED BENEFIT PENSION PLANS, Continued

In addition, the County and the School Division are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Division of Trustees. The County's contribution rate for fiscal years ended 2009 was 13.21% of annual covered payroll.

The School Division's contribution rate for employees for fiscal year ended 2009 was 12.10% of annual covered payroll.

Annual Pension Cost

For fiscal year 2009, the County's annual pension cost of \$4,723,525 was equal to the required and actual contributions.

Three-Year Trend Information - County			
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2009	\$ 4,723,525	100%	-
6/30/2008	4,599,964	100%	-
6/30/2007	4,323,775	100%	-

The required contribution for VRS was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 3.75% - 5.60% per year, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a 5-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis for a period of twenty years.

The School Division's annual pension cost for professional employees of \$8,711,674 for fiscal year 2009 was equal to the required and actual contributions.

Three-Year Trend Information - School Division			
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2009	\$ 8,711,674	100%	-
6/30/2008	9,053,000	100%	-
6/30/2007	8,354,935	100%	-

For fiscal year 2009, the School Division's annual pension cost for the non-professional employees of \$753,611 was equal to the required and actual contributions.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

9. DEFINED BENEFIT PENSION PLANS, Continued

Three-Year Trend Information - School Division			
Fiscal Year	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 753,611	100%	-
6/30/2008	635,894	100%	-
6/30/2007	640,174	100%	-

The School Division's annual required contributions for the optional plan were \$55,838, \$45,750 and \$69,186, and actual contributions were \$200,000, \$300,000 and \$400,000 for 2009, 2008 and 2007 respectively.

Three-Year Trend Information - School Division			
Fiscal Year	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 55,838	100%	-
6/30/2008	45,750	100%	-
6/30/2007	69,186	100%	-

The actuarial accrued liability for the optional plan was determined as part of an actuarial valuation on June 30, 2009 using the projected unit credit actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7% per year compounded annually, (b) post-retirement benefit increases of 2% per year, and (c) percentage of current retiree benefits to be paid of 100%.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the County's plan was 91.57% funded. The actuarial accrued liability for benefits was \$118,576,733, and the actuarial value of assets was \$108,579,599, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,997,134. The covered payroll (annual payroll of active employees covered by the plan) was \$34,120,975, and the ratio of the UAAL to the covered payroll was 29.30%.

As of June 30, 2008, the most recent actuarial valuation date, the School Division's plan for its non-professional employees was 94.68% funded. The actual accrued liability for benefits was \$13,963,359, and the actuarial value of assets was \$13,220,810, resulting in an unfunded actuarial accrued liability (UAAL) of \$742,549. The covered payroll (annual payroll of active employees covered by the plan) was \$6,164,001, and the ratio of the UAAL to the covered payroll was 12.05%.

As of June 30, 2009, the most recent actuarial valuation date, the School Division's optional plan was 75.85% funded. The actual accrued liability for benefits was \$2,119,957, and the actuarial value of assets was \$1,607,917, resulting in an unfunded actuarial accrued liability (UAAL) of \$512,040.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrual liability for benefits.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In fiscal year 2009, the County adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This standard addresses how the reporting entity should account for and report its costs related to post-employment health care. Historically, the County's subsidy was funded on a pay-as-you-go basis. GASB Statement No. 45 requires that the County recognize the cost of the retiree health subsidy during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This methodology mirrors the approach used for pension benefits.

Plan Descriptions

Employees retiring after January 1, 2002 and having twenty or more years of service with the County and receiving a VRS annuity will qualify for a health insurance premium contribution from the County. The retiree's Virginia Retirement System (VRS) annuity may be either a full or reduced benefit. The amount of the County's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provisions. The County's 50% contribution will be reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program. Retiring employees who have fifteen years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program. At June 30, 2009, 32 retirees were participating in this program. For the School Division, 65 retirees were participating in this program.

The School Division provides post-retirement health care benefits, in accordance with School Division policy, to all employees who retire from York County Public Schools with 100 days of accumulated sick leave, 10 years of service and a minimum of 24 months participation in the health insurance program immediately prior to retirement. At June 30, 2009, 2 retirees were participating in this program. The School Division pays a monthly contribution of \$25 toward the health care program premium for a total period of time not to exceed 10 years or until retiree is eligible for Medicare, whichever occurs first.

Funding Policy

The County established an internal service fund to account for other post-employment benefits. An amount equal to the annual required contribution was made to the fund during fiscal year 2009, and the pay-as-you-go expenses were made from the fund. GASB Statement No. 45 requires recognition of the current OPEB expense based on the annual required contribution, but does not require funding of the related liability. For fiscal year 2009, the County provided the annual required contribution of \$776,504, and benefit payments made on behalf of retirees for claims, net of retiree contributions, were \$104,457.

The School Division opted not to advance-fund or establish a funding methodology for its OPEB costs or net OPEB obligation. For fiscal year 2009, the School Division provided an annual contribution of \$485,797, and the annual required contribution was \$449,146.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Annual OPEB Cost

The County's and School Division's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal year 2009, the County's and its discretely presented component unit - School Division's annual OPEB cost, the amount actually contributed to the plan, and changes in the net OPEB obligation are as follows:

	<u>County</u>	<u>School Division</u>
Normal cost	\$ 415,826	\$ 254,120
Amortization of unfunded accrued liability	327,240	175,685
Interest	33,438	19,341
Annual required contribution	776,504	449,146
Interest on net OPEB obligation (NOO)	-	-
Amortization of NOO	-	-
Annual OPEB cost	776,504	449,146
Actual contribution towards OPEB cost	(104,457)	(485,797)
Increase in NOO	672,047	(36,651)
NOO, beginning of year	-	-
NOO, end of year	\$ 672,047	\$ (36,651)

The County's and School Division's annual OPEB cost, the percent of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Three-Year Trend Information - County			
<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 776,504	13%	\$ 672,047

Three-Year Trend Information - School Division			
<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2009	\$ 449,146	108%	\$ (36,651)

Fiscal year 2009 is the year of implementation for GASB Statement No. 45. Information for the current year and the two preceding years will be presented in future years.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Funded Status and Funding Progress

As of June 30, 2009, the County's actuarial accrued liability for benefits was \$9,241,359, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,241,359. The covered payroll (annual payroll of active employees covered by the plan) was \$26,835,000, and the ratio of the UAAL to the covered payroll was 34.44%.

As of June 30, 2009, the School Division's actuarial accrued liability for benefits was \$4,683,004, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,683,004. The covered payroll (annual payroll of active employees covered by the plan) was \$74,222,736, and the ratio of the UAAL to the covered payroll was 6.31%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrual liability for benefits. Fiscal year 2009 is the year of implementation for GASB Statement No. 45. Information for the current year and the two preceding years will be presented in future years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the County's June 30, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (discount rate) and an annual healthcare cost trend rate of 10.5% initially, grading to a rate of 5% for fiscal year ending June 30, 2015. The unfunded actuarial accrual liability (UAAL) is being amortized over a closed thirty-year period as a level percentage of projected payroll, assumed to grow 3.5% per year. The same actuarial methods and assumptions were used in the School Division's June 30, 2009 actuarial valuation.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

11. DEFERRED COMPENSATION PLAN

The County, including its component unit - EDA, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the participants. Investments are managed by the plan's trustee under one or a combination of 51 investment options. The participants make the choice of the investment options.

The County also offers its employees a retirement health savings plan, which is available to all full-time, regular County employees who have worked in that capacity for at least one full year. Participation in the plan is optional. Employees may be reimbursed for qualified medical expenses, in accordance with Internal Revenue Service Publication 502, for themselves, spouse, and dependents upon separation or retirement from the County. Investments are managed by the plan's trustee under one or a combination of 15 investment options.

The School Division offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all School employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

The deferred compensation is not available to employees until separation from service, retirement, death, disability, financial hardship and/or reaching age 59½. The School Division offers a selection of investment options to participants. All earnings on the invested funds compound tax-free until withdrawn from the account.

12. COMMITMENTS AND CONTINGENT LIABILITIES

Landfill Post-Closure

State and federal laws and regulations require that the County perform post-closure care requirements on its landfill. The landfill was closed on October 9, 1993. An annual evaluation is performed to determine future costs and actual costs may differ due to inflation, deflation, changes in technology or changes in regulations. Funding of these costs will be from current operating revenues.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

12. COMMITMENTS AND CONTINGENT LIABILITIES, Continued

Construction Commitments

Significant construction commitments as of June 30, 2009 were as follows:

York Point sewer construction	\$ 43,440	\$ 1,998,598
Queens Lake sewer construction	-	1,835,360
E911 Center expansion	122,314	577,686
Moore's Creek stormwater construction	43,365	396,295
Fire and Life Safety ambulances	-	357,202
Fire and Life Safety fire tankers	-	301,291
Fire station additions architect & engineering fees	20,653	223,577
Queens Lake sewer architect & engineering fees	121,750	131,029
Fire and Life Safety generator	-	98,325
Sheriff vehicles	-	92,298
Sports field complex playground equipment	-	88,821
General Services workorder system	253,564	76,796
Vehicle Maintenance portable lift	-	62,902
General Services vehicle	-	61,027
Emergency Communication rebanding services	-	60,000
Fire and Life Safety turn-out gear	-	56,812
Financial & Management Services and Environmental & Development Services vehicles	-	55,026
Poquoson River sedimentation study	-	50,348
E911 Poquoson merger	30,401	29,950
Public Safety building HVAC repairs	-	29,210
Emergency Communication tower modifications	-	29,000
Spots field complex architect & engineering fees	226,994	28,672
Lightfoot water system	-	27,654
Edgehill South drainage study	105,214	26,240
General Services tractor	-	25,633
County-wide effectiveness and efficiency study	50,000	25,000
	<u>\$ 1,017,695</u>	<u>\$ 6,744,752</u>

Risk Management

The County and the School Division are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County reports all of its risk management activities in its General Fund and pays all claims for retained risks from General Fund resources. The School Division reports all of its risk management activities in its Operating Fund and pays all claims for retained risks from Operating Fund resources. The County and the School Division maintain comprehensive property and casualty policies, commercial general liability policies, comprehensive liability vehicle fleet policies and coverages for errors and omissions, and employer's liability and certain other risks with commercial insurance companies.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2009

12. COMMITMENTS AND CONTINGENT LIABILITIES, Continued

The General and School Operating Funds retain the full risk for unemployment compensation; up to \$100,000 and \$125,000 for each health care claim for the County and School Division, respectively, and up to \$400,000 and \$500,000 for each workers' compensation occurrence with no aggregate, for the County and School Division, respectively.

All unemployment, health care claims and workers' compensation claims are paid through a third-party administrator through resources from the General and School Operating Funds. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Settled claims have not exceeded the amount of insurance coverage in any of the past ten fiscal years.

The County's health care liability at June 30 is included in salaries, taxes and benefits payable in the applicable County funds. The County had available \$1,405,657 for health care claims and \$1,783,259 for workers' compensation claims at June 30, 2009, which is considered sufficient to cover pending claims and incurred but not reported claims that may arise.

Changes in the reported amounts since June 30, 2007 resulted from the following:

	<u>2009</u>	<u>2008</u>
Accrued liability/designated fund balance, beginning of fiscal year	\$ 3,208,168	\$ 2,689,289
Claims and changes in estimates	7,223,032	6,579,052
Claims payment	<u>(7,242,284)</u>	<u>(6,060,173)</u>
Accrued liability/designated fund balance, end of fiscal year	<u>\$ 3,188,916</u>	<u>\$ 3,208,168</u>

The School Division health care claim liability at June 30 is included in salaries, taxes, and benefits payable balance of its Operating Fund. The School Division had available \$3,424,441 for health care claims and \$2,876,927 for workers' compensation claims at June 30, 2009, which is considered sufficient to cover pending claims and incurred but not reported claims that may arise.

Changes in the reported amounts since June 30, 2007 resulted from the following:

	<u>2009</u>	<u>2008</u>
Accrued liability/designated fund balance, beginning of fiscal year	\$ 5,412,604	\$ 4,183,305
Claims and changes in estimates	11,015,964	10,554,556
Claims payment	<u>(10,127,200)</u>	<u>(9,325,257)</u>
Accrued liability/designated fund balance, end of fiscal year	<u>\$ 6,301,368</u>	<u>\$ 5,412,604</u>

GENERAL FUND

To account for revenues and expenditures of the County not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses, permits and fees, revenues from the Commonwealth of Virginia and federal grants.

A significant part of the General Fund's revenues is provided to the County of York Public School Division to fund operations and transferred to other funds to meet debt service requirements, to assist with the operations of Virginia Public Assistance and to fund capital projects.

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 General Fund - Revenues and Other Financing Sources
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General property taxes:				
Real property taxes	\$ 59,576,239	\$ 59,576,239	\$ 58,109,940	\$ (1,466,299)
Real and personal property taxes-public service corporation	2,600,000	2,600,000	2,795,168	195,168
Personal property taxes	13,370,400	13,370,400	11,230,671	(2,139,729)
Machinery and tools taxes	2,000,000	2,000,000	3,765,309	1,765,309
Boat taxes > 5 tons	28,000	28,000	72,867	44,867
Penalties and interest	525,000	525,000	896,558	371,558
Total general property taxes	<u>78,099,639</u>	<u>78,099,639</u>	<u>76,870,513</u>	<u>(1,229,126)</u>
Other local taxes:				
Local sales and use taxes	10,626,357	10,626,357	9,145,529	(1,480,828)
Hotel and motel room taxes	3,044,382	3,115,054	3,162,169	47,115
Restaurant food taxes	5,867,468	5,867,468	5,125,723	(741,745)
Business license taxes	6,180,000	6,180,000	5,407,226	(772,774)
Consumer utility taxes	270,000	270,000	299,828	29,828
Communications sales taxes	1,421,572	1,421,572	1,371,148	(50,424)
Vehicle registration fees	1,365,100	1,365,100	1,503,306	138,206
Bank stock taxes	136,000	136,000	189,129	53,129
Franchise taxes	-	-	41	41
Taxes on recordation and wills	1,916,000	1,916,000	1,617,076	(298,924)
Rental taxes	99,000	99,000	94,095	(4,905)
Total other local taxes	<u>30,925,879</u>	<u>30,996,551</u>	<u>27,915,270</u>	<u>(3,081,281)</u>
From the Federal Government:				
Payments in lieu of taxes	5,000	5,000	12,714	7,714
Categorical aid:				
ARRA Sheriff Shared Expense	-	-	694,373	694,373
Civil Defense	22,500	22,500	45,529	23,029
Library E-rate funds	-	-	3,473	3,473
Domestic Violence grant	-	21,048	21,574	526
Victim-Witness grant	-	68,455	68,455	-
Victim-Witness PTEAP grant	-	-	27,468	27,468
DMV Sheriff grants	-	7,790	7,790	-
DMV Traffic Enforcement Overtime	-	21,910	30,527	8,617
DMV Training grant	-	100	100	-
CDBG Planning grant	-	25,000	20,312	(4,688)
Family Self Sufficiency Coordinator Funding	-	-	38,838	38,838
Housing Assistance Vouchers	133,438	133,438	132,369	(1,069)
FEMA Urban Search and Rescue	-	-	2,794	2,794
VDEM Citizen Corps	-	25,000	8,669	(16,331)
VDEM HS Citizen Corps	-	-	11,331	11,331
VDH Pandemic Influenza Shelter	-	18,000	18,000	-
SHSP HazMat	-	46,573	29,973	(16,600)
Indirect cost allocation reimbursement	-	-	79,299	79,299
OJP Criminal Alien Assistance Program	-	6,681	6,681	-
DEA Overtime	-	16,329	7,927	(8,402)
DEA Work-as-required	-	29,276	14,069	(15,207)
Bulletproof Vest Partnership Program	-	9,315	9,315	-
Bureau of Justice Assistance grant	-	793	-	(793)
Drug Asset	-	3,372	3,372	-
Total categorical aid	<u>155,938</u>	<u>455,580</u>	<u>1,282,238</u>	<u>826,658</u>
Total revenues from the Federal Government	<u>160,938</u>	<u>460,580</u>	<u>1,294,952</u>	<u>834,372</u>
From the Commonwealth of Virginia:				
Non-categorical aid:				
Mobile home taxes	15,000	15,000	13,018	(1,982)
Rolling stock taxes	9,200	9,200	17,742	8,542
Personal property tax relief	8,741,680	8,741,680	8,739,375	(2,305)
Local Aid To Commonwealth	-	-	(191,873)	(191,873)
Total non-categorical aid	<u>8,765,880</u>	<u>8,765,880</u>	<u>8,578,262</u>	<u>(187,618)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	516,159	516,159	532,271	16,112
Sheriff	2,551,236	2,551,236	1,958,877	(592,359)
Commissioner of the Revenue	213,939	213,939	214,017	78
Treasurer	181,692	181,692	185,575	3,883
Medical Examiner	150	150	-	(150)
Registrar/Electoral Board	52,220	52,220	59,909	7,689
Clerk of the Circuit Court	412,447	526,247	531,174	4,927
Total shared expenses	<u>3,927,843</u>	<u>4,041,643</u>	<u>3,481,823</u>	<u>(559,820)</u>

(Continued)

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 General Fund - Revenues and Other Financing Sources
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other categorial aid:				
Emergency services grants	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Fire and life safety grants	-	15,923	27,769	11,846
Fire program funds	148,404	153,202	153,202	-
Fire program media grant	-	1,000	-	(1,000)
Four for Life	52,000	39,231	39,231	-
VDEM Donation HazMat	-	10,000	10,000	-
Wireless E911 services	120,000	120,000	222,975	102,975
Victim-Witness grant	93,008	24,553	17,113	(7,440)
Domestic Violence grant	21,048	-	-	-
VJCCA	76,421	74,511	74,511	-
Circuit Court salaries	-	5,502	5,502	-
VA Supreme Court extradition	-	12,455	12,455	-
Emergency home repair	5,510	7,943	7,942	(1)
EHR Rehab services	-	4,500	4,500	-
VDH Safety Town grant	-	990	987	(3)
Arts Commission	5,000	5,000	5,000	-
Library Aid	150,000	183,160	183,160	-
Litter control	10,500	12,469	12,469	-
Drug Asset	-	5,974	5,974	-
Court service postage	9,500	10,121	10,121	-
Total other categorial aid	<u>716,391</u>	<u>711,534</u>	<u>817,911</u>	<u>106,377</u>
Total categorial aid	<u>4,644,234</u>	<u>4,753,177</u>	<u>4,299,734</u>	<u>(453,443)</u>
Total revenues from the Commonwealth of Virginia	<u>13,410,114</u>	<u>13,519,057</u>	<u>12,877,996</u>	<u>(641,061)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	19,000	19,000	37,465	18,465
Permits and other licenses	945,888	969,862	698,097	(271,765)
Total permits, privilege fees and regulatory licenses	<u>964,888</u>	<u>988,862</u>	<u>735,562</u>	<u>(253,300)</u>
Fines and forfeitures	<u>326,350</u>	<u>329,380</u>	<u>358,110</u>	<u>28,730</u>
Revenues from use of money and property:				
Use of money	1,065,000	1,065,378	670,664	(394,714)
Use of property	<u>370,700</u>	<u>370,892</u>	<u>380,785</u>	<u>9,893</u>
Total revenues from use of money and property	<u>1,435,700</u>	<u>1,436,270</u>	<u>1,051,449</u>	<u>(384,821)</u>
Charges for services:				
Court costs	375,600	375,600	308,065	(67,535)
Charges for Commonwealth's Attorney	11,600	11,600	7,444	(4,156)
Charges for fiscal accounting services	-	-	2,190	2,190
Charges for law enforcement and traffic control	105,500	141,698	129,610	(12,088)
Charges for fire and rescue services	-	208	209	1
Charges for sheriff fee recoveries	-	-	491	491
Charges for parks and recreation	854,225	856,070	458,000	(398,070)
Charges for library	90,500	90,500	71,107	(19,393)
Charges for mosquito control	-	-	14,723	14,723
Charges for computer support services	15,000	15,000	10,891	(4,109)
Charges for self-insurance	39,000	39,000	39,000	-
Charges for grounds maintenance	1,136,782	1,136,782	1,136,782	-
Charges for law enforcement	300,000	300,000	258,264	(41,736)
Charges for video services	147,970	147,970	84,330	(63,640)
Charges for radio maintenance services	85,720	85,720	85,720	-
Charges for other	950	950	219	(731)
Total charges for services	<u>3,162,847</u>	<u>3,201,098</u>	<u>2,607,045</u>	<u>(594,053)</u>
Miscellaneous:				
Fiscal agent fees	145,000	145,000	184,849	39,849
Miscellaneous	<u>141,125</u>	<u>225,049</u>	<u>418,675</u>	<u>193,626</u>
Total miscellaneous revenues	<u>286,125</u>	<u>370,049</u>	<u>603,524</u>	<u>233,475</u>
Recovered costs:				
Local - York County School Division	-	-	600,000	600,000
Local - City of Poquoson	603,400	603,400	614,568	11,168
Local - City of Williamsburg	-	35,000	59,353	24,353
Local - Assistance for natural disasters	-	48,742	48,741	(1)
Streetlight operations	35,000	35,000	20,510	(14,490)
Landscaping for business	-	29,900	29,900	-
Commissioner of Accounts' postage	1,000	1,000	1,353	353
Total recovered costs	<u>639,400</u>	<u>753,042</u>	<u>1,374,425</u>	<u>621,383</u>
Total revenues	<u>129,411,880</u>	<u>130,154,528</u>	<u>125,688,846</u>	<u>(4,465,682)</u>
Other financing sources:				
Sale of capital and other assets	2,500	344,568	347,464	2,896
Insurance recovery	-	20,869	28,855	7,986
Transfers in	250,000	250,000	262,500	12,500
Capital leases	-	1,400	1,400	-
Total other financing sources	<u>252,500</u>	<u>616,837</u>	<u>640,219</u>	<u>23,382</u>
Total revenues and other financing sources	<u>\$ 129,664,380</u>	<u>\$ 130,771,365</u>	<u>\$ 126,329,065</u>	<u>\$ (4,442,300)</u>

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Budgetary Comparison Schedule
General Fund - Expenditures and Other Financing Uses
Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General Government:				
Legislative Department:				
Board of Supervisors	\$ 314,054	\$ 319,065	\$ 297,099	\$ 21,966
Executive Department:				
County Administrator	422,126	433,436	411,676	21,760
Public Information and Community Relations	262,731	262,731	207,092	55,639
Video Services	364,337	376,994	356,434	20,560
County Attorney	394,020	400,831	398,726	2,105
Registrar	238,148	238,148	223,554	14,594
Electoral Board	101,500	219,743	124,023	95,720
Total General Government	<u>2,096,916</u>	<u>2,250,948</u>	<u>2,018,604</u>	<u>232,344</u>
Judicial Services:				
Circuit Court	99,249	108,478	97,330	11,148
General District Court	50,100	50,616	41,096	9,520
Juvenile and Domestic Relations Court	26,587	26,692	26,404	288
Clerk of the Circuit Court	949,909	1,063,756	965,447	98,309
Colonial Group Home Commission	443,755	441,845	438,736	3,109
Magistrate	3,000	3,000	972	2,028
Commonwealth's Attorney	994,435	1,030,202	965,579	64,623
Victim/Witness	186,419	262,195	194,171	68,024
Domestic Violence	48,970	45,134	38,295	6,839
Total Judicial Services	<u>2,802,424</u>	<u>3,031,918</u>	<u>2,768,030</u>	<u>263,888</u>
Public Safety:				
Sheriff General Operations	1,480,075	1,607,589	1,468,658	138,931
Law Enforcement	5,011,733	5,146,204	4,785,618	360,586
Investigations	1,442,761	1,502,172	1,461,787	40,385
Civil Operations/Court Security	1,409,942	1,436,643	1,336,729	99,914
Adult Corrections	2,697,266	2,788,730	2,698,571	90,159
School Resource Officers	351,189	355,834	308,373	47,461
Fire and Life Safety Administration	202,240	290,034	221,735	68,299
Fire and Rescue Operations	10,439,727	10,763,415	10,269,964	493,451
Technical Services and Special Operations	639,789	687,662	498,695	188,967
Prevention and Community Safety	328,748	330,248	323,150	7,098
Juvenile Corrections	487,900	487,900	246,381	241,519
Animal Control	306,349	308,762	271,795	36,967
Emergency Management	289,546	437,513	308,875	128,638
Emergency Communications/911	2,178,159	2,300,679	2,123,384	177,295
Radio Maintenance	724,219	777,371	496,439	280,932
Total Public Safety	<u>27,989,643</u>	<u>29,220,756</u>	<u>26,820,154</u>	<u>2,400,602</u>
Environmental and Development Services:				
Administration	220,488	220,488	214,489	5,999
Building Regulation	1,051,938	1,085,153	974,267	110,886
Stormwater Maintenance	287,210	287,210	242,076	45,134
Stormwater Management	513,771	518,423	448,017	70,406
Litter Control	32,500	36,982	33,101	3,881
Mosquito Control	908,923	908,923	880,103	28,820
Board of Zoning/Subdivision Appeals	6,660	6,660	3,676	2,984
Development and Compliance	854,838	870,838	770,166	100,672
Wetlands/Ches Bay Board	10,350	14,210	6,748	7,462
Total Environmental and Development Services	<u>3,886,678</u>	<u>3,948,887</u>	<u>3,572,643</u>	<u>376,244</u>
Finance and Planning:				
Administration	243,229	243,229	216,525	26,704
Computer Support Services	1,881,080	2,225,207	1,886,810	338,397
Human Resources	596,984	596,984	574,028	22,956
Budget and Financial Reporting	371,644	403,750	392,623	11,127
Fiscal Accounting Services	728,683	702,542	660,539	42,003
Commissioner of the Revenue	1,100,213	1,100,213	1,000,639	99,574
Treasurer	862,450	862,450	806,536	55,914
Real Estate Assessment	631,600	631,600	520,986	110,614
Central Purchasing	402,288	402,288	383,067	19,221
Central Administrative Services	340,456	431,166	212,718	218,448
Central Insurance	424,179	424,179	340,116	84,063
Transportation Safety Commission	4,350	4,350	1,456	2,894

(Continued)

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Budgetary Comparison Schedule
General Fund - Expenditures and Other Financing Uses
Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Planning	\$ 395,821	\$ 405,821	\$ 381,085	\$ 24,736
Planning Commission	29,100	29,100	18,215	10,885
Regional Planning	53,566	53,566	51,438	2,128
Conservation	9,840	9,840	9,840	-
Economic Development	676,681	1,526,486	1,386,181	140,305
Office of Economic Development	394,244	394,244	378,070	16,174
Total Finance and Planning	<u>9,146,408</u>	<u>10,447,015</u>	<u>9,220,872</u>	<u>1,226,143</u>
Education:				
Payment to County of York Public Schools	44,736,097	45,105,285	44,701,475	403,810
Library Services	2,831,860	2,980,925	2,555,896	425,029
Cooperative Extension	81,575	81,575	54,545	27,030
Total Education	<u>47,649,532</u>	<u>48,167,785</u>	<u>47,311,916</u>	<u>855,869</u>
Human Services:				
Health Services	472,608	472,608	447,674	24,934
Colonial Services Board - Local	731,434	731,434	731,434	-
Social Services - payment to Board members	1,800	1,800	1,140	660
Contributions	307,482	307,674	307,674	-
Total Human Services	<u>1,513,324</u>	<u>1,513,516</u>	<u>1,487,922</u>	<u>25,594</u>
General Services:				
Administration	215,157	215,157	213,178	1,979
Engineering and Facility Maintenance	2,349,267	2,365,820	2,288,599	77,221
Facility/Utility Charges	931,775	940,270	1,004,418	(64,148)
Telecommunications	288,707	288,707	279,154	9,553
Grounds Maintenance and Construction	4,249,297	4,584,826	3,526,182	1,058,644
Total General Services	<u>8,034,203</u>	<u>8,394,780</u>	<u>7,311,531</u>	<u>1,083,249</u>
Community Services:				
Administration	288,344	288,344	258,136	30,208
Special Programs	307,042	309,542	282,419	27,123
Housing - Administration	221,533	221,533	211,259	10,274
Housing - Rental Assistance	123,731	139,912	119,595	20,317
Housing - Rehabilitation	253,264	286,213	273,944	12,269
Public Transportation	26,000	26,000	23,526	2,474
Disaster Relief	-	10,503	-	10,503
Parks and Recreation	2,555,632	2,634,010	2,145,218	488,792
Tourism and Events	84,719	84,719	85,112	(393)
Total Community Services	<u>3,860,265</u>	<u>4,000,776</u>	<u>3,399,209</u>	<u>601,567</u>
Non-departmental:				
Employee benefits	330,590	292,568	101,654	190,914
Contributions	604,167	1,137,766	770,707	367,059
Historic Triangle Collaborations	-	60,918	10,000	50,918
Non-declared emergencies	-	71,097	7,914	63,183
Appropriated reserves	200,000	209,550	64,459	145,091
Total Non-departmental	<u>1,134,757</u>	<u>1,771,899</u>	<u>954,734</u>	<u>817,165</u>
Capital Outlay	<u>563,510</u>	<u>2,670,439</u>	<u>569,645</u>	<u>2,100,794</u>
Debt Service:				
Principal retirement	27,044	27,044	27,044	-
Interest and fiscal charges	5,676	5,676	5,676	-
Total debt service	<u>32,720</u>	<u>32,720</u>	<u>32,720</u>	<u>-</u>
Total expenditures	<u>108,710,380</u>	<u>115,451,439</u>	<u>105,467,980</u>	<u>9,983,459</u>
Other Financing Uses:				
Transfers out	<u>20,889,000</u>	<u>28,257,627</u>	<u>21,770,921</u>	<u>6,486,706</u>
Total other financing uses	<u>20,889,000</u>	<u>28,257,627</u>	<u>21,770,921</u>	<u>6,486,706</u>
Total expenditures and other financing uses	<u>\$ 129,599,380</u>	<u>\$ 143,709,066</u>	<u>\$ 127,238,901</u>	<u>\$ 16,470,165</u>

The accompanying notes are an integral part of the required supplementary information.

TOURISM FUND

To account for the receipt and disbursement of 3% of the lodging tax and the \$2.00 additional tax restricted by the Commonwealth of Virginia for tourism activities. This fund is a major special revenue fund, with a legally adopted annual budget.

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Tourism Fund
 For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Other local taxes	\$ 1,170,400	\$ 1,170,400	\$ 1,128,342	\$ (42,058)
Use of money and property	15,000	15,000	23,854	8,854
Total revenues	<u>1,185,400</u>	<u>1,185,400</u>	<u>1,152,196</u>	<u>(33,204)</u>
EXPENDITURES				
Current:				
Finance and planning	1,327,344	1,327,344	1,285,286	42,058
Community services	305,306	318,106	297,009	21,097
Nondepartmental	767,075	824,947	558,581	266,366
Debt service - principal retirement	<u>25,059</u>	<u>25,059</u>	<u>25,059</u>	<u>-</u>
Total expenditures	<u>2,424,784</u>	<u>2,495,456</u>	<u>2,165,935</u>	<u>329,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,239,384)</u>	<u>(1,310,056)</u>	<u>(1,013,739)</u>	<u>296,317</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,826,629	1,897,301	1,897,301	-
Transfers out	<u>(658,422)</u>	<u>(1,205,233)</u>	<u>(1,205,232)</u>	<u>1</u>
Total other financing sources and uses	<u>1,168,207</u>	<u>692,068</u>	<u>692,069</u>	<u>1</u>
Net change in fund balances	<u>(71,177)</u>	<u>(617,988)</u>	<u>(321,670)</u>	<u>296,318</u>
Fund balances, beginning of year	<u>658,634</u>	<u>658,634</u>	<u>658,634</u>	<u>-</u>
Fund balances, end of year	<u>\$ 587,457</u>	<u>\$ 40,646</u>	<u>\$ 336,964</u>	<u>\$ 296,318</u>

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Schedule of Funding Progress (Unaudited)
Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) -Entry Age	Unfunded AAL (UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	UAAL (Funding Excess) as % of Payroll
PRIMARY GOVERNMENT						
<u>Virginia Retirement System - County of York Employees</u>						
June 30, 2008	\$ 108,579,599	\$ 118,576,733	\$ 9,997,134	91.57%	\$ 34,120,975	29.30%
June 30, 2007	96,408,104	106,969,723	10,561,619	90.13%	32,041,856	32.96%
June 30, 2006	83,749,987	96,286,625	12,536,638	86.98%	30,236,482	41.46%
<u>Other Post-Employment Benefits (OPEB)</u>						
July 1, 2008*	\$ -	\$ 9,241,359	\$ 9,241,359	0.00%	\$ 26,835,000	34.44%
COMPONENT UNIT - YORK COUNTY SCHOOL DIVISION						
<u>Virginia Retirement System - Nonprofessional Employees</u>						
June 30, 2008	\$ 13,220,810	\$ 13,963,359	\$ 742,549	94.68%	\$ 6,164,001	12.05%
June 30, 2007	11,580,115	12,694,145	1,114,030	91.22%	6,100,258	18.26%
June 30, 2006	10,018,105	11,179,316	1,161,211	89.61%	6,071,837	19.12%
<u>Single Employer Defined Benefit Pension - Optional Plan</u>						
June 30, 2009	\$ 1,607,917	\$ 2,119,957	\$ 512,040	75.85%	\$ -	N/A
June 30, 2008	1,795,341	2,147,410	352,069	83.60%	-	N/A
June 30, 2007	1,754,350	2,094,391	340,041	83.76%	-	N/A
June 30, 2006	1,174,665	2,140,987	966,322	54.87%	-	N/A
June 30, 2005	1,193,367	1,855,924	662,557	64.30%	-	N/A
June 30, 2004	1,076,711	1,812,950	736,239	59.39%	-	N/A
<u>Other Post-Employment Benefits (OPEB)</u>						
July 1, 2008*	\$ -	\$ 4,683,004	\$ 4,683,004	0.00%	\$ 74,222,736	6.31%

*This is the year of implementation for GASB Statement No. 45. There is no data available prior to this valuation.

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Schedule of Employer Contributions (Unaudited)
Year Ended June 30, 2009

PRIMARY GOVERNMENT

Other Post-Employment Benefits (OPEB)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009*	\$ 776,504	13.00%

COMPONENT UNIT - YORK COUNTY SCHOOL DIVISION

Single Employer Defined Benefit Pension - Optional Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 55,838	100.00%
2008	45,750	100.00%
2007	69,186	100.00%
2006	124,695	100.00%
2005	96,878	100.00%
2004	87,912	100.00%

Other Post-Employment Benefits (OPEB)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009*	\$ 449,146	108.00%

*This is the year of implementation for GASB Statement No. 45. There is no data available prior to this valuation.

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Notes to Required Supplementary Information
June 30, 2009

1. BUDGETARY DATA

Annual budget requests for the ensuing fiscal year are submitted to the County Administrator by department or agency heads during the second quarter of the fiscal year. The County Administrator reviews the requests and meets with department heads and agencies for discussion. After work sessions with the Board of Supervisors and public hearings, the budget is amended as necessary and an appropriations resolution by functional level is adopted. The budget is required to be adopted by a majority vote of the Board of Supervisors prior to the end of the current fiscal year.

The budgetary data reported in the required supplementary information reflects the approved County Budget as adopted by the Board of Supervisors for the year ended June 30, 2009, as amended. The budget may be amended by the Board of Supervisors through supplemental appropriations or transfers as necessary. The legal level of budgetary control rests at the fund level with the exception of the general fund, which is appropriated at the functional level. In addition, the County Code provides that the County Administrator may transfer funds within appropriation functions. These transfers may be made to allow the disbursement of funds for unanticipated costs incurred in daily County operations and any such transfer may not result in a change in the total appropriated for personnel or non-personnel costs within the function.

The budgets are prepared on a basis consistent with the modified accrual basis of accounting. The general fund's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The County employs encumbrance accounting under which obligations in the form of purchase orders, contracts, and other commitments for the expenditure or transfer out of funds are recorded in order to reserve that portion of the applicable appropriation in the governmental fund balance, since encumbrances do not constitute expenditures or liabilities. Funding is reappropriated in the following year for outstanding encumbrances. According to the County Code, unexpended, unencumbered appropriations lapse at the end of the fiscal year.

The general, special revenue, debt service, and capital projects funds have legally adopted budgets. Proprietary funds also have legally adopted annual budgets, except for the Yorktown Operations Fund, the York Sanitary District Fund, the Upper County Utility Fund, the Sanitary District No. 2 Fund and the Regional Radio System Fund.

2. PENSION DATA

The supplemental information presented is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems. Information pertaining to the retirement systems can be found in the notes to the financial statements.

3. OTHER POST-EMPLOYMENT BENEFITS (OPEB) DATA

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made in the future. The schedules present trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. Information pertaining to the OPEB plans can be found in the notes to the financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Children's Services / Head Start Fund – to account for the receipt and disbursement of Federal and local funds received for Project Head Start and the USDA Food Service Program.

Virginia Public Assistance Fund – to account for the rendering of economic aid to qualifying citizens.

Law Library Fund – to account for the receipt and disbursement of funds for the Law Library.

Community Development Authority Revenue Account Fund – to account for the incremental tax revenues generated by the Marquis Lifestyle Center and the payment to the Authority's trustee for debt service on bonds and the Revenue Stabilization Fund. This fund also accounts for the transfer of funds to the County for services provided to the facilities in the project area and for any excess over the debt service and required reserve payments to the Trustee.

Debt Service Funds:

County Fund – to account for the receipts and payment of bonds and loans issued for the construction and maintenance of County equipment and facilities.

Education Fund – to account for the receipt and payment of bonds and loans issued for the construction and maintenance of educational equipment and facilities.

Capital Project Funds:

Stormwater Fund – to account for revenue and expenditures related to the drainage maintenance projects.

Yorktown Capital Improvements Fund – to account for revenue and expenditures related to construction in the historical Yorktown area including the wharf and waterfront interpretive area, the Riverwalk area, and streets and sidewalks within the historical area. This fund is a major governmental fund, however, it is shown here for budgetary comparison purposes.

County Capital Fund – to account for revenue and expenditures related to construction or acquisition of new facilities and equipment in the general governmental areas such as general administration, facilities maintenance, public safety, and parks and recreation. This fund is a major governmental fund, however, it is shown here for budgetary comparison purposes.

COUNTY OF YORK, VIRGINIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	<u>Special Revenue</u>			<u>Community Development Authority Revenue Account</u>	<u>County Debt Service</u>	<u>Stormwater Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Children's Services / Head Start</u>	<u>Virginia Public Assistance</u>	<u>Law Library</u>				
ASSETS							
Cash and investments	\$ 702,706	\$ 28,631	\$ 8,547	\$ 689,760	\$ -	\$ 2,509,025	\$ 3,938,669
Restricted cash	-	-	-	-	2,024,827	-	2,024,827
Receivables, net	42,535	603,080	-	1,212,623	-	229,326	2,087,564
Due from other funds	-	28,804	-	-	-	50,275	79,079
Prepaid expenditures	6,582	15,900	-	-	-	-	22,482
Total assets	<u>\$ 751,823</u>	<u>\$ 676,415</u>	<u>\$ 8,547</u>	<u>\$ 1,902,383</u>	<u>\$ 2,024,827</u>	<u>\$ 2,788,626</u>	<u>\$ 8,152,621</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 19,734	\$ 86,492	\$ -	\$ -	\$ -	\$ 103,151	\$ 209,377
Retainage payable	-	-	-	-	-	2,168	2,168
Salaries, taxes and benefits payable	84,034	213,181	-	-	-	-	297,215
Deferred revenue	-	-	-	1,097,000	-	266,605	1,363,605
Due to other funds	-	-	-	518,567	2,024,827	-	2,543,394
Due to component unit - CDA	-	-	-	286,816	-	-	286,816
Total liabilities	<u>103,768</u>	<u>299,673</u>	<u>-</u>	<u>1,902,383</u>	<u>2,024,827</u>	<u>371,924</u>	<u>4,702,575</u>
Fund balances:							
Reserved for encumbrances	22,688	-	-	-	-	451,447	474,135
Reserved for prepaid expenditures	6,582	15,900	-	-	-	-	22,482
Unreserved:							
Designated for subsequent year's expenditures							
Special revenue funds	77,507	-	-	-	-	-	77,507
Capital project fund	-	-	-	-	-	1,965,255	1,965,255
Undesignated, reported in:							
Special revenue funds	541,278	360,842	8,547	-	-	-	910,667
Total fund balances	<u>648,055</u>	<u>376,742</u>	<u>8,547</u>	<u>-</u>	<u>-</u>	<u>2,416,702</u>	<u>3,450,046</u>
Total liabilities and fund balances	<u>\$ 751,823</u>	<u>\$ 676,415</u>	<u>\$ 8,547</u>	<u>\$ 1,902,383</u>	<u>\$ 2,024,827</u>	<u>\$ 2,788,626</u>	<u>\$ 8,152,621</u>

COUNTY OF YORK, VIRGINIA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2009

	Special Revenue			Community Development Authority Revenue Account	Debt Service		Stormwater Capital Project	Total Nonmajor Governmental Funds
	Children's Services / Head Start	Virginia Public Assistance	Law Library		County Debt Service	Education Debt Service		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ 388,341	\$ -	\$ -	\$ -	\$ 388,341
Other local taxes	-	-	-	603,231	-	-	-	603,231
Intergovernmental:								
Federal	892,001	2,293,178	-	-	-	-	-	3,185,179
State	-	1,531,554	-	-	-	-	-	1,531,554
Use of money and property	22,480	-	230	8,062	24,240	-	78,085	133,097
Charges for services	11,687	3,400	8,551	-	-	-	-	23,638
Miscellaneous	6,075	-	-	-	-	-	480	6,555
Recovered costs	-	280,425	-	-	-	505,362	-	785,787
Total revenues	<u>932,243</u>	<u>4,108,557</u>	<u>8,781</u>	<u>999,634</u>	<u>24,240</u>	<u>505,362</u>	<u>78,565</u>	<u>6,657,382</u>
EXPENDITURES								
Current:								
Judicial services	-	-	7,238	-	-	-	-	7,238
Public safety	-	-	-	-	150,000	-	-	150,000
Education	-	-	-	-	-	5,500,552	-	5,500,552
Human services	1,155,223	6,103,987	-	-	-	-	-	7,259,210
Nondepartmental	-	-	-	368,567	-	-	-	368,567
Capital outlay	-	-	-	-	-	-	673,061	673,061
Debt service:								
Principal retirement	-	-	-	-	1,248,359	4,274,318	-	5,522,677
Interest and fiscal charges	-	-	-	-	971,196	2,879,051	-	3,850,247
Other costs of debt issuance	-	-	-	-	293,515	34,500	-	328,015
Total expenditures	<u>1,155,223</u>	<u>6,103,987</u>	<u>7,238</u>	<u>368,567</u>	<u>2,663,070</u>	<u>12,688,421</u>	<u>673,061</u>	<u>23,659,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(222,980)</u>	<u>(1,995,430)</u>	<u>1,543</u>	<u>631,067</u>	<u>(2,638,830)</u>	<u>(12,183,059)</u>	<u>(594,496)</u>	<u>(17,002,185)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	458,330	2,193,936	-	-	1,887,518	6,655,507	912,572	12,107,863
Issuance of debt	-	-	-	-	17,230,000	5,400,000	-	22,630,000
Premium on issuance of debt	-	-	-	-	396,139	127,552	-	523,691
Capital lease	-	-	-	-	150,000	-	-	150,000
Transfers out	-	-	-	(631,067)	(17,024,827)	-	-	(17,655,894)
Total other financing sources and uses	<u>458,330</u>	<u>2,193,936</u>	<u>-</u>	<u>(631,067)</u>	<u>2,638,830</u>	<u>12,183,059</u>	<u>912,572</u>	<u>17,755,660</u>
Net change in fund balances	235,350	198,506	1,543	-	-	-	318,076	753,475
Fund balances, beginning of year	412,705	178,236	7,004	-	-	-	2,098,626	2,696,571
Fund balances, end of year	<u>\$ 648,055</u>	<u>\$ 376,742</u>	<u>\$ 8,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,416,702</u>	<u>\$ 3,450,046</u>

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Capital Project Funds
 For the Year Ended June 30, 2009

	Stormwater Fund				Yorktown Capital Improvements			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Use of money and property	\$ 20,000	\$ 20,000	\$ 78,085	\$ 58,085	\$ -	\$ -	\$ 31,178	\$ 31,178
Charges for services	10,000	17,000	-	(17,000)	-	-	-	-
Miscellaneous	-	-	480	480	-	-	-	-
Total revenues	30,000	37,000	78,565	41,565	-	-	31,178	31,178
EXPENDITURES								
Capital outlay	8,907,181	8,914,181	673,061	8,241,120	358,405	360,244	50,389	309,855
Total expenditures	8,907,181	8,914,181	673,061	8,241,120	358,405	360,244	50,389	309,855
Excess (deficiency) of revenues over (under) expenditures	(8,877,181)	(8,877,181)	(594,496)	8,282,685	(358,405)	(360,244)	(19,211)	341,033
OTHER FINANCING SOURCES (USES)								
Insurance recovery	-	-	-	-	-	1,839	3,028	1,189
Transfers in	986,747	986,747	912,572	(74,175)	100,000	646,811	646,811	-
Transfers out	(700,000)	-	-	-	-	-	-	-
Total other financing sources and uses	286,747	986,747	912,572	(74,175)	100,000	648,650	649,839	1,189
Net change in fund balances	(8,590,434)	(7,890,434)	318,076	8,208,510	(258,405)	288,406	630,628	342,222
Fund balances (deficit), beginning of year	2,098,626	2,098,626	2,098,626	-	(8,715,459)	(8,715,459)	(8,715,459)	-
Fund balances (deficit), end of year	\$ (6,491,808)	\$ (5,791,808)	\$ 2,416,702	\$ 8,208,510	\$ (8,973,864)	\$ (8,427,053)	\$ (8,084,831)	\$ 342,222

	County Capital				Total			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental:								
State	\$ -	\$ 1,814,755	\$ 600,000	\$ (1,214,755)	\$ -	\$ 1,814,755	\$ 600,000	\$ (1,214,755)
Local	-	100,000	236	(99,764)	-	100,000	236	(99,764)
Use of money and property	200,000	200,000	144,525	(55,475)	220,000	220,000	253,788	33,788
Charges for services	-	-	-	-	10,000	17,000	-	(17,000)
Miscellaneous	-	-	960	960	-	-	1,440	1,440
Recovered costs	-	1,452,684	1,000	(1,451,684)	-	1,452,684	1,000	(1,451,684)
Total revenues	200,000	3,567,439	746,721	(2,820,718)	230,000	3,604,439	856,464	(2,747,975)
EXPENDITURES								
Education	410,000	410,000	410,000	-	410,000	410,000	410,000	-
Capital outlay	19,707,670	25,822,184	8,496,405	17,325,779	28,973,256	35,096,609	9,219,855	25,876,754
Total expenditures	20,117,670	26,232,184	8,906,405	17,325,779	29,383,256	35,506,609	9,629,855	25,876,754
Excess (deficiency) of revenues over (under) expenditures	(19,917,670)	(22,664,745)	(8,159,684)	14,505,061	(29,153,256)	(31,902,170)	(8,773,391)	23,128,779
OTHER FINANCING SOURCES (USES)								
Insurance recovery	-	2,797	2,797	-	-	4,636	5,825	1,189
Transfers in	8,843,942	21,718,768	21,682,887	(35,881)	9,930,689	23,352,326	23,242,270	(110,056)
Transfers out	(200,000)	(200,000)	(200,000)	-	(900,000)	(200,000)	(200,000)	-
Total other financing sources and uses	8,643,942	21,521,565	21,485,684	(35,881)	9,030,689	23,156,962	23,048,095	(108,867)
Net change in fund balances	(11,273,728)	(1,143,180)	13,326,000	14,469,180	(20,122,567)	(8,745,208)	14,274,704	23,019,912
Fund balances (deficit), beginning of year	6,078,324	6,078,324	6,078,324	-	(538,509)	(538,509)	(538,509)	-
Fund balances (deficit), end of year	\$ (5,195,404)	\$ 4,935,144	\$ 19,404,324	\$ 14,469,180	\$ (20,661,076)	\$ (9,283,717)	\$ 13,736,195	\$ 23,019,912

NONMAJOR ENTERPRISE FUNDS

Yorktown Operations Fund – accounts for the operations at the Yorktown waterfront.

York Sanitary District Fund – accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 1 utility systems.

Upper County Utility Fund – accounts for the capital assets as of January 1, 1992 of the upper County utility systems.

Solid Waste Fund – accounts for the operations of the County's solid waste disposal system.

Water Utility Fund – accounts for the operations of the County's water utility systems.

Sanitary District No. 2 Fund – accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 2 utility systems.

Regional Radio System Fund – accounts for the County's joint emergency communication system with James City County.

COUNTY OF YORK, VIRGINIA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009

	<u>Yorktown</u> <u>Operations</u>	<u>York</u> <u>Sanitary</u> <u>District</u>	<u>Upper County</u> <u>Utility</u>	<u>Solid</u> <u>Waste</u>	<u>Water</u> <u>Utility</u>	<u>Sanitary</u> <u>District No. 2</u>	<u>Regional</u> <u>Radio System</u>	<u>Total</u>
ASSETS								
Current assets:								
Cash and investments	\$ 90,094	\$ 192	\$ -	\$ 925,521	\$ 1,050,960	\$ -	\$ 251,067	\$ 2,317,834
Restricted cash	-	-	-	226,815	-	-	-	226,815
Receivables, net	12,258	-	-	505,171	63,241	-	16,373	597,043
Due from other funds	-	-	-	-	19,433	-	-	19,433
Due from component unit - EDA	79,696	-	-	-	-	-	-	79,696
Prepaid expenses	-	-	-	5,637	1,873	-	-	7,510
Total current assets	<u>182,048</u>	<u>192</u>	<u>-</u>	<u>1,663,144</u>	<u>1,135,507</u>	<u>-</u>	<u>267,440</u>	<u>3,248,331</u>
Noncurrent assets:								
Deferred charges	-	-	-	76,645	-	-	-	76,645
Less accumulated amortization	-	-	-	(51,100)	-	-	-	(51,100)
Nondepreciable capital assets:								
Land	2,707,736	37,916	33,994	430,852	-	251,854	-	3,462,352
Construction in progress	-	-	-	20,000	8,273	-	-	28,273
Depreciable capital assets:								
Buildings and improvements	-	783,982	-	1,821,080	-	2,699,159	-	5,304,221
Infrastructure	-	2,254,362	767,391	163,209	185,623	19,956,345	-	23,326,930
Equipment	-	446,216	-	27,766	-	474,025	-	948,007
Vehicles	-	-	-	735,282	-	-	-	735,282
Less accumulated depreciation	-	(2,567,850)	(404,641)	(1,925,610)	(21,886)	(14,957,694)	-	(19,877,681)
Total noncurrent assets	<u>2,707,736</u>	<u>954,626</u>	<u>396,744</u>	<u>1,298,124</u>	<u>172,010</u>	<u>8,423,689</u>	<u>-</u>	<u>13,952,929</u>
Total assets	<u>\$ 2,889,784</u>	<u>\$ 954,818</u>	<u>\$ 396,744</u>	<u>\$ 2,961,268</u>	<u>\$ 1,307,517</u>	<u>\$ 8,423,689</u>	<u>\$ 267,440</u>	<u>\$ 17,201,260</u>
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 2,258	\$ -	\$ -	\$ 234,175	\$ 20,727	\$ -	\$ 11,227	\$ 268,387
Retainage payable	-	-	-	-	48,492	-	-	48,492
Salaries, taxes and benefits payable	-	-	-	72,190	20,065	-	-	92,255
Unearned revenue	25	-	-	-	-	-	-	25
Due to other funds	-	-	-	446	4,493	-	-	4,939
Accrued interest payable	-	-	-	3,672	-	-	-	3,672
Capital leases - current	-	-	-	180,000	-	-	-	180,000
Compensated absences -current	-	-	-	160	405	-	-	565
Total current liabilities	<u>2,283</u>	<u>-</u>	<u>-</u>	<u>490,643</u>	<u>94,182</u>	<u>-</u>	<u>11,227</u>	<u>598,335</u>
Noncurrent liabilities:								
Capital leases - net current	-	-	-	380,000	-	-	-	380,000
Compensated absences - net current	-	-	-	28,543	4,325	-	-	32,868
Advance from other fund	<u>2,850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,850,000</u>
Total noncurrent liabilities	<u>2,850,000</u>	<u>-</u>	<u>-</u>	<u>408,543</u>	<u>4,325</u>	<u>-</u>	<u>-</u>	<u>3,262,868</u>
Total liabilities	<u>2,852,283</u>	<u>-</u>	<u>-</u>	<u>899,186</u>	<u>98,507</u>	<u>-</u>	<u>11,227</u>	<u>3,861,203</u>
NET ASSETS								
Invested in capital assets, net of related debt	2,707,736	954,626	396,744	738,124	172,010	8,423,689	-	13,392,929
Restricted for debt service	-	-	-	226,815	-	-	-	226,815
Unrestricted	<u>(2,670,235)</u>	<u>192</u>	<u>-</u>	<u>1,097,143</u>	<u>1,037,000</u>	<u>-</u>	<u>256,213</u>	<u>(279,687)</u>
Total net assets	<u>37,501</u>	<u>954,818</u>	<u>396,744</u>	<u>2,062,082</u>	<u>1,209,010</u>	<u>8,423,689</u>	<u>256,213</u>	<u>13,340,057</u>
Total liabilities and net assets	<u>\$ 2,889,784</u>	<u>\$ 954,818</u>	<u>\$ 396,744</u>	<u>\$ 2,961,268</u>	<u>\$ 1,307,517</u>	<u>\$ 8,423,689</u>	<u>\$ 267,440</u>	<u>\$ 17,201,260</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
Operating Revenues								
Use of property	\$ 282,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,053	\$ 482,126
Charges for services	53,680	-	-	3,384,681	718,736	-	-	4,157,097
Miscellaneous	-	-	-	114,755	375	-	15,976	131,106
Total operating revenues	<u>335,753</u>	<u>-</u>	<u>-</u>	<u>3,499,436</u>	<u>719,111</u>	<u>-</u>	<u>216,029</u>	<u>4,770,329</u>
Operating Expenses								
Personal services	-	-	-	708,123	65,107	-	-	773,230
Contractual services	132,579	-	-	3,260,985	505,819	-	34,178	3,933,561
Materials and supplies	5,258	-	-	107,058	436,085	-	24,068	572,469
Depreciation	-	45,341	16,000	113,507	48,153	403,971	-	626,972
Amortization	-	-	-	7,665	-	-	-	7,665
Total operating expenses	<u>137,837</u>	<u>45,341</u>	<u>16,000</u>	<u>4,197,338</u>	<u>1,055,164</u>	<u>403,971</u>	<u>58,246</u>	<u>5,913,897</u>
Operating income (loss)	<u>197,916</u>	<u>(45,341)</u>	<u>(16,000)</u>	<u>(697,902)</u>	<u>(336,053)</u>	<u>(403,971)</u>	<u>157,783</u>	<u>(1,143,568)</u>
Nonoperating Revenues (Expenses)								
Interest income	5,478	-	-	25,798	40,200	-	3,845	75,321
Interest expense	-	-	-	(28,998)	-	-	-	(28,998)
Loss on disposal of capital assets	-	-	-	(2,559)	-	-	-	(2,559)
Donated property	-	(8,800)	(11,413)	-	(6,044,875)	(49,058)	-	(6,114,146)
Total nonoperating revenues (expenses)	<u>5,478</u>	<u>(8,800)</u>	<u>(11,413)</u>	<u>(5,759)</u>	<u>(6,004,675)</u>	<u>(49,058)</u>	<u>3,845</u>	<u>(6,070,382)</u>
Income (loss) before contributions and transfers	203,394	(54,141)	(27,413)	(703,661)	(6,340,728)	(453,029)	161,628	(7,213,950)
Capital Contributions	-	-	-	-	104,385	-	-	104,385
Transfers In	-	10	-	1,281,546	103,922	-	-	1,385,478
Change in net assets	203,394	(54,131)	(27,413)	577,885	(6,132,421)	(453,029)	161,628	(5,724,087)
Total net assets, beginning of year	<u>(165,893)</u>	<u>1,008,949</u>	<u>424,157</u>	<u>1,484,197</u>	<u>7,341,431</u>	<u>8,876,718</u>	<u>94,585</u>	<u>19,064,144</u>
Total net assets, end of year	<u>\$ 37,501</u>	<u>\$ 954,818</u>	<u>\$ 396,744</u>	<u>\$ 2,062,082</u>	<u>\$ 1,209,010</u>	<u>\$ 8,423,689</u>	<u>\$ 256,213</u>	<u>\$ 13,340,057</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 378,648	\$ -	\$ -	\$ 3,388,153	\$ 784,838	\$ -	\$ 184,098	\$ 4,735,737
Receipts from interfund activity	-	-	-	446	-	-	-	446
Other receipts	-	-	-	114,755	375	-	15,976	131,106
Payments to suppliers for goods and services	(149,619)	-	-	(3,370,637)	(978,682)	-	(47,113)	(4,546,051)
Payments to employees for services	-	-	-	(703,558)	(62,795)	-	-	(766,353)
Payments for interfund activity	(250,000)	-	-	-	(16,627)	-	(38,964)	(305,591)
Net cash provided (used) by operating activities	<u>(20,971)</u>	<u>-</u>	<u>-</u>	<u>(570,841)</u>	<u>(272,891)</u>	<u>-</u>	<u>113,997</u>	<u>(750,706)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	-	10	-	1,175,000	-	-	-	1,175,010
Net cash provided by noncapital financing activities	<u>-</u>	<u>10</u>	<u>-</u>	<u>1,175,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,175,010</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Transfers in	-	-	-	106,546	103,922	-	-	210,468
Acquisition and construction of capital assets	-	-	-	(213,092)	(66,197)	-	-	(279,289)
Net proceeds from the disposal of capital assets	-	-	-	9,905	-	-	-	9,905
Principal paid on capital debt	-	-	-	(170,000)	-	-	-	(170,000)
Interest paid on capital debt	-	-	-	(30,113)	-	-	-	(30,113)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(296,754)</u>	<u>37,725</u>	<u>-</u>	<u>-</u>	<u>(259,029)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest income	5,478	-	-	25,798	40,200	-	3,845	75,321
Net cash provided by investing activities	<u>5,478</u>	<u>-</u>	<u>-</u>	<u>25,798</u>	<u>40,200</u>	<u>-</u>	<u>3,845</u>	<u>75,321</u>
Net increase in cash and cash equivalents	(15,493)	10	-	333,203	(194,966)	-	117,842	240,596
Cash and cash equivalents, beginning of year	105,587	182	-	819,133	1,245,926	-	133,225	2,304,053
Cash and cash equivalents, end of year	<u>\$ 90,094</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ 1,152,336</u>	<u>\$ 1,050,960</u>	<u>\$ -</u>	<u>\$ 251,067</u>	<u>\$ 2,544,649</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:								
Cash and investments	\$ 90,094	\$ 192	\$ -	\$ 925,521	\$ 1,050,960	\$ -	\$ 251,067	2,317,834
Restricted cash - escrows	-	-	-	226,815	-	-	-	226,815
Cash and cash equivalents, end of year	<u>\$ 90,094</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ 1,152,336</u>	<u>\$ 1,050,960</u>	<u>\$ -</u>	<u>\$ 251,067</u>	<u>\$ 2,544,649</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 197,916	\$ (45,341)	\$ (16,000)	\$ (697,902)	\$ (336,053)	\$ (403,971)	\$ 157,783	\$ (1,143,568)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	-	45,341	16,000	113,507	48,153	403,971	-	626,972
Amortization	-	-	-	7,665	-	-	-	7,665
(Increase) decrease in:								
Receivables	9,117	-	-	12,217	66,102	-	(15,955)	71,481
Due from other funds	-	-	-	-	(17,698)	-	-	(17,698)
Due from component unit - EDA	33,753	-	-	-	-	-	-	33,753
Prepaid expenses	-	-	-	10,329	2,973	-	-	13,302
Increase (decrease) in:								
Accounts payable	(11,782)	-	-	(2,594)	(31,778)	-	11,133	(35,021)
Deposits payable	-	-	-	-	(5,000)	-	-	(5,000)
Salaries, taxes and benefits payable	-	-	-	(3,621)	(118)	-	-	(3,739)
Unearned revenue	25	-	-	(8,745)	-	-	-	(8,720)
Due to other funds	-	-	-	446	1,071	-	(38,964)	(37,447)
Compensated absences	-	-	-	(2,143)	(543)	-	-	(2,686)
Advance from other fund	(250,000)	-	-	-	-	-	-	(250,000)
Net cash provided (used) by operating activities	<u>\$ (20,971)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (570,841)</u>	<u>\$ (272,891)</u>	<u>\$ -</u>	<u>\$ 113,997</u>	<u>\$ (750,706)</u>
Noncash investing, capital, and financing activities:								
Contributions of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 104,385	\$ -	\$ -	\$ 104,385
Donated property	\$ -	\$ 8,800	\$ 11,413	\$ -	\$ 6,044,875	\$ 49,058	\$ -	\$ 6,114,146

INTERNAL SERVICE FUNDS

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

Vehicle Maintenance Fund – accounts for the operation of the vehicle maintenance and replacement services that are provided to County departments.

Other Post-Employment Benefits Fund – accounts for subsidy payments for eligible retirees of the County towards health insurance coverage in a plan sponsored by the County.

COUNTY OF YORK, VIRGINIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Vehicle Maintenance Fund	Other Post- Employment Benefit (OPEB) Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,436,954	\$ 702,420	\$ 3,139,374
Receivable, net	67,004	1,110	68,114
Due from other funds	-	260	260
Prepaid expenses	<u>4,802</u>	<u>-</u>	<u>4,802</u>
Total current assets	<u>2,508,760</u>	<u>703,790</u>	<u>3,212,550</u>
Noncurrent assets:			
Depreciable capital assets:			
Land improvements	221,446	-	221,446
Equipment	518,992	-	518,992
Vehicles	5,074,431	-	5,074,431
Less accumulated depreciation	<u>(3,284,618)</u>	<u>-</u>	<u>(3,284,618)</u>
Total noncurrent assets	<u>2,530,251</u>	<u>-</u>	<u>2,530,251</u>
Total assets	<u>\$ 5,039,011</u>	<u>\$ 703,790</u>	<u>\$ 5,742,801</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 144,077	\$ -	\$ 144,077
Salaries, taxes and benefits payable	62,825	29,466	92,291
Due to other funds	654	2,277	2,931
Compensated absences - current	<u>545</u>	<u>-</u>	<u>545</u>
Total current liabilities	<u>208,101</u>	<u>31,743</u>	<u>239,844</u>
Noncurrent liabilities:			
Compensated absences - net current	82,250	-	82,250
Net OPEB obligation	<u>-</u>	<u>672,047</u>	<u>672,047</u>
Total noncurrent liabilities	<u>82,250</u>	<u>672,047</u>	<u>754,297</u>
Total liabilities	<u>290,351</u>	<u>703,790</u>	<u>994,141</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,530,251	-	2,530,251
Unrestricted	<u>2,218,409</u>	<u>-</u>	<u>2,218,409</u>
Total net assets	<u>4,748,660</u>	<u>-</u>	<u>4,748,660</u>
Total liabilities and net assets	<u>\$ 5,039,011</u>	<u>\$ 703,790</u>	<u>\$ 5,742,801</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Vehicle Maintenance Fund	Other Post- Employment Benefit (OPEB) Fund	Total
Operating Revenues			
Charges for services	\$ 3,585,520	\$ -	\$ 3,585,520
Miscellaneous	<u>225,161</u>	<u>-</u>	<u>225,161</u>
Total operating revenues	<u>3,810,681</u>	<u>-</u>	<u>3,810,681</u>
Operating Expenses			
Personal services	803,649	776,504	1,580,153
Contractual services	524,526	-	524,526
Materials and supplies	1,833,291	-	1,833,291
Depreciation	<u>644,347</u>	<u>-</u>	<u>644,347</u>
Total operating expenses	<u>3,805,813</u>	<u>776,504</u>	<u>4,582,317</u>
Operating income (loss)	<u>4,868</u>	<u>(776,504)</u>	<u>(771,636)</u>
Nonoperating Revenues (Expenses)			
Interest income	65,103	2,277	67,380
Loss on disposal of capital assets	<u>(10,594)</u>	<u>-</u>	<u>(10,594)</u>
Total nonoperating revenues (expenses)	<u>54,509</u>	<u>2,277</u>	<u>56,786</u>
Income (loss) before contributions and transfers	59,377	(774,227)	(714,850)
Capital Contributions	3,625	-	3,625
Transfers In	129,916	774,227	904,143
Transfers Out	<u>(18,217)</u>	<u>-</u>	<u>(18,217)</u>
Change in net assets	174,701	-	174,701
Total net assets, beginning of year	<u>4,573,959</u>	<u>-</u>	<u>4,573,959</u>
Total net assets, end of year	<u>\$ 4,748,660</u>	<u>\$ -</u>	<u>\$ 4,748,660</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Vehicle Maintenance Fund	Other Post- Employment Benefit (OPEB) Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,646,215	\$ -	\$ 3,646,215
Receipts from interfund activity	522	2,017	2,539
Other receipts	225,161	-	225,161
Payments to suppliers for goods and services	(2,363,721)	-	(2,363,721)
Payments to employees for services	(790,508)	(74,991)	(865,499)
Net cash provided by (used in) operating activities	<u>717,669</u>	<u>(72,974)</u>	<u>644,695</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	774,227	774,227
Net cash provided by noncapital financing activities	<u>-</u>	<u>774,227</u>	<u>774,227</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in	129,916	-	129,916
Acquisition and construction of capital assets	(740,936)	-	(740,936)
Net proceeds from the disposal of capital assets	55,345	-	55,345
Net cash used in capital and related financing activities	<u>(555,675)</u>	<u>-</u>	<u>(555,675)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	65,103	1,167	66,270
Net cash provided by investing activities	<u>65,103</u>	<u>1,167</u>	<u>66,270</u>
Net increase in cash and cash equivalents	227,097	702,420	929,517
Cash and cash equivalents, beginning of year	2,209,857	-	2,209,857
Cash and cash equivalents, end of year	<u>\$ 2,436,954</u>	<u>\$ 702,420</u>	<u>\$ 3,139,374</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:			
Cash and investments	\$ 2,436,954	\$ 702,420	\$ 3,139,374
Cash and cash equivalents, end of year	<u>\$ 2,436,954</u>	<u>\$ 702,420</u>	<u>\$ 3,139,374</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 4,868	\$ (776,504)	\$ (771,636)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	644,347	-	644,347
Decrease (increase) in:			
Receivables	60,695	-	60,695
Due from other funds	-	(260)	(260)
Prepaid expenses	8,799	-	8,799
Increase (decrease) in:			
Accounts payable	(5,904)	-	(5,904)
Salaries, taxes and benefits payable	(2,720)	29,466	26,746
Due to other funds	522	2,277	2,799
Compensated absences	7,062	-	7,062
Net OPEB obligation	-	672,047	672,047
Net cash provided by (used in) operating activities	<u>\$ 717,669</u>	<u>\$ (72,974)</u>	<u>\$ 644,695</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ 3,625	\$ -	\$ 3,625
Transfer out of capital assets	<u>\$ 18,217</u>	<u>\$ -</u>	<u>\$ 18,217</u>

The accompanying notes are an integral part of the basic financial statements.

AGENCY FUNDS

Colonial Services Board - to account for fiscal agency funds held for the Colonial Services Board.

Colonial Group Home Commission - to account for fiscal agency funds held for the Commission.

Special Welfare Fund - to account for fiscal agency funds held for the Special Welfare Board.

Regional Projects - to account for fiscal agency funds held for regional projects.

Other Funds - the following funds are included in "Other Funds" in the Combining Statement of Assets and Liabilities and the Combining Statement of Changes in Assets and Liabilities:

Peninsula Public Sports Facility Authority - to account for fiscal agency funds held for the Peninsula Public Sports Facility Authority.

Darby-Firby Neighborhood Corporation Fund - to account for fiscal agency funds held for the Darby-Firby Neighborhood Corporation.

Library Donations Fund - to account for fiscal agency funds held for the Library Board.

COUNTY OF YORK, VIRGINIA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2009

<u>Assets</u>	Colonial Services Board	Colonial Group Home Commission	Special Welfare	Regional Projects	Other Funds	Total
Cash and investments	\$ 3,052,738	\$ 485,867	\$ 56,242	\$ 50,104	\$ 22,271	\$ 3,667,222
Other receivables	103,789	7,116	-	66,046	-	176,951
Total assets	<u>\$ 3,156,527</u>	<u>\$ 492,983</u>	<u>\$ 56,242</u>	<u>\$ 116,150</u>	<u>\$ 22,271</u>	<u>\$ 3,844,173</u>
 <u>Liabilities</u>						
Accounts payable	\$ 151,819	\$ 10,192	\$ -	\$ 116,150	\$ -	\$ 278,161
Salaries, taxes and benefits payable	572,594	92,191	-	-	-	664,785
Amounts held for others	2,432,114	390,600	56,242	-	22,271	2,901,227
Total liabilities	<u>\$ 3,156,527</u>	<u>\$ 492,983</u>	<u>\$ 56,242</u>	<u>\$ 116,150</u>	<u>\$ 22,271</u>	<u>\$ 3,844,173</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Colonial Services Board				
<u>Assets</u>				
Cash and investments	\$ 3,436,587	\$ 14,008,281	\$ 14,392,130	\$ 3,052,738
Other receivables	284,181	103,789	284,181	103,789
Total assets	<u>\$ 3,720,768</u>	<u>\$ 14,112,070</u>	<u>\$ 14,676,311</u>	<u>\$ 3,156,527</u>
<u>Liabilities</u>				
Accounts payable	\$ 63,451	\$ 151,819	\$ 63,451	\$ 151,819
Salaries, taxes and benefits payable	705,827	238,980	372,213	572,594
Amounts held for others	2,951,490	13,721,271	14,240,647	2,432,114
Total liabilities	<u>\$ 3,720,768</u>	<u>\$ 14,112,070</u>	<u>\$ 14,676,311</u>	<u>\$ 3,156,527</u>
Colonial Group Home Commission				
<u>Assets</u>				
Cash and investments	\$ 429,418	\$ 3,136,214	\$ 3,079,765	\$ 485,867
Other receivables	238,732	268,776	500,392	7,116
Total assets	<u>\$ 668,150</u>	<u>\$ 3,404,990</u>	<u>\$ 3,580,157</u>	<u>\$ 492,983</u>
<u>Liabilities</u>				
Accounts payable	\$ 879,372	\$ 628,139	\$ 1,497,319	\$ 10,192
Salaries, taxes and benefits payable	97,653	42,102	47,564	92,191
Amounts held for others	(308,875)	2,734,749	2,035,274	390,600
Total liabilities	<u>\$ 668,150</u>	<u>\$ 3,404,990</u>	<u>\$ 3,580,157</u>	<u>\$ 492,983</u>
Special Welfare				
<u>Assets</u>				
Cash and investments	\$ 58,295	\$ 55,474	\$ 57,527	\$ 56,242
Other receivables	953	-	953	-
Total assets	<u>\$ 59,248</u>	<u>\$ 55,474</u>	<u>\$ 58,480</u>	<u>\$ 56,242</u>
<u>Liabilities</u>				
Amounts held for others	\$ 59,248	\$ 55,474	\$ 58,480	\$ 56,242
Total liabilities	<u>\$ 59,248</u>	<u>\$ 55,474</u>	<u>\$ 58,480</u>	<u>\$ 56,242</u>
Regional Projects				
<u>Assets</u>				
Cash and investments	\$ -	\$ 2,368,727	\$ 2,318,623	\$ 50,104
Other receivables	48,987	66,046	48,987	66,046
Total assets	<u>\$ 48,987</u>	<u>\$ 2,434,773</u>	<u>\$ 2,367,610</u>	<u>\$ 116,150</u>
<u>Liabilities</u>				
Accounts payable	\$ 48,987	\$ 116,150	\$ 48,987	\$ 116,150
Amounts held for others	-	2,318,623	2,318,623	-
Total liabilities	<u>\$ 48,987</u>	<u>\$ 2,434,773</u>	<u>\$ 2,367,610</u>	<u>\$ 116,150</u>
Other Funds				
<u>Assets</u>				
Cash and investments	\$ 22,514	\$ 1,329	\$ 1,572	\$ 22,271
Total assets	<u>\$ 22,514</u>	<u>\$ 1,329</u>	<u>\$ 1,572</u>	<u>\$ 22,271</u>
<u>Liabilities</u>				
Amounts held for others	\$ 22,514	\$ 1,329	\$ 1,572	\$ 22,271
Total liabilities	<u>\$ 22,514</u>	<u>\$ 1,329</u>	<u>\$ 1,572</u>	<u>\$ 22,271</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 3,946,814	\$ 19,570,025	\$ 19,849,617	\$ 3,667,222
Other receivables	572,853	438,611	834,513	176,951
Total assets	<u>\$ 4,519,667</u>	<u>\$ 20,008,636</u>	<u>\$ 20,684,130</u>	<u>\$ 3,844,173</u>
<u>Liabilities</u>				
Accounts payable	\$ 991,810	\$ 896,108	\$ 1,609,757	\$ 278,161
Salaries, taxes and benefits payable	803,480	281,082	419,777	664,785
Amounts held for others	2,724,377	18,831,446	18,654,596	2,901,227
Total liabilities	<u>\$ 4,519,667</u>	<u>\$ 20,008,636</u>	<u>\$ 20,684,130</u>	<u>\$ 3,844,173</u>

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STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Contents:

Financial Trends (pages L-3, L-4, L-5, L-6, L-7 and L-8)

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity (pages L-9, L-10, L-11 and L-12)

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity (pages L-13, L-14, and L-15)

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information (pages L-16 and L-17)

These schedules offer demographic and economic indicators to help the reader understand how the environment within which the County's financial activities take place.

Operating Information (pages L-18, L-19 and L-20)

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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COUNTY OF YORK, VIRGINIA
Net Assets By Component - Accrual Basis of Accounting
Last Seven Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 60,961,846	\$ 68,935,110	\$ 58,761,927	\$ 58,063,581	\$ 53,886,089	\$ 32,867,347	\$ 37,150,066
Restricted	1,713,484	17,605	26,547	306,867	1,416,039	6,768,508	1,329,505
Unrestricted	<u>3,408,239</u>	<u>(6,044,992)</u>	<u>(9,510,796)</u>	<u>(9,492,312)</u>	<u>(2,007,832)</u>	<u>2,402,793</u>	<u>(3,600,441)</u>
Total governmental activities net assets	<u>\$ 66,083,569</u>	<u>\$ 62,907,723</u>	<u>\$ 49,277,678</u>	<u>\$ 48,878,136</u>	<u>\$ 53,294,296</u>	<u>\$ 42,038,648</u>	<u>\$ 34,879,130</u>
Business-type Activities:							
Invested in capital assets, net of related debt	\$ 93,173,971	\$ 99,168,724	\$ 91,442,202	\$ 83,735,002	\$ 77,280,029	\$ 73,605,861	\$ 69,295,243
Restricted	314,693	313,785	312,456	457,985	419,025	372,366	481,700
Unrestricted	<u>7,623,256</u>	<u>5,203,690</u>	<u>7,367,773</u>	<u>9,535,371</u>	<u>9,402,285</u>	<u>8,137,244</u>	<u>9,204,993</u>
Total business-type activities net assets	<u>\$ 101,111,920</u>	<u>\$ 104,686,199</u>	<u>\$ 99,122,431</u>	<u>\$ 93,728,358</u>	<u>\$ 87,101,339</u>	<u>\$ 82,115,471</u>	<u>\$ 78,981,936</u>
Primary Government:							
Invested in capital assets, net of related debt	\$ 154,135,817	\$ 168,103,834	\$ 150,204,129	\$ 141,798,583	\$ 131,166,118	\$ 106,473,208	\$ 106,445,309
Restricted	2,028,177	331,390	339,003	764,852	1,835,064	7,140,874	1,811,205
Unrestricted	<u>11,031,495</u>	<u>(841,302)</u>	<u>(2,143,023)</u>	<u>43,059</u>	<u>7,394,453</u>	<u>10,540,037</u>	<u>5,604,552</u>
Total primary government net assets	<u>\$ 167,195,489</u>	<u>\$ 167,593,922</u>	<u>\$ 148,400,109</u>	<u>\$ 142,606,494</u>	<u>\$ 140,395,635</u>	<u>\$ 124,154,119</u>	<u>\$ 113,861,066</u>

Note: Reflects retroactive reporting to the year of GASB 34 implementation, June 30, 2003.

COUNTY OF YORK, VIRGINIA
Changes in Net Assets - Accrual Basis of Accounting
Last Seven Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses							
Governmental activities:							
General government	\$ 3,729,163	\$ 3,450,703	\$ 3,661,480	\$ 4,012,732	\$ 2,935,520	\$ 2,694,972	\$ 2,296,066
Judicial services	3,217,220	3,079,480	2,717,696	2,485,418	2,364,958	2,183,343	3,212,652
Public safety	29,469,455	27,466,315	25,729,808	24,020,296	20,785,091	17,992,604	15,408,525
Environmental and development services	4,293,152	4,181,043	5,102,854	3,734,376	3,371,442	2,923,736	2,541,461
Finance and planning	11,074,824	9,630,189	10,342,827	8,335,453	8,123,994	6,707,583	6,648,862
Education	53,460,125	45,742,991	55,247,261	56,619,850	36,804,422	37,737,823	40,141,165
Human services	8,751,468	8,594,261	8,031,668	7,713,122	7,616,519	6,900,059	6,478,473
General services	6,944,857	6,733,491	6,287,891	5,759,901	5,249,587	4,451,026	4,538,973
Community services	6,021,699	4,926,133	5,280,722	4,076,306	3,742,477	3,192,842	3,014,739
Interest and fiscal charges on noncurrent debt	4,144,723	3,708,287	3,883,116	3,624,871	3,139,152	3,031,935	2,564,368
Total governmental activities	<u>131,106,686</u>	<u>117,512,893</u>	<u>126,285,323</u>	<u>120,382,325</u>	<u>94,133,162</u>	<u>87,815,923</u>	<u>86,845,284</u>
Business-type activities:							
Sewer Utility	9,011,555	7,766,854	6,960,108	6,311,720	6,061,527	5,591,699	5,130,185
Water Utility	7,100,039	637,020	768,276	526,428	461,341	1,005,858	2,784,714
Solid Waste	4,228,895	4,203,909	4,366,338	3,803,501	4,298,743	4,639,612	3,999,337
Yorktown Operations	137,837	214,489	197,646	373,209	232,920	547,092	36,444
Sanitary Districts	534,583	469,312	483,459	611,426	578,398	578,398	557,550
Regional Radio System	58,246	32,826	-	-	-	-	-
Total business-type activities	<u>21,071,155</u>	<u>13,324,410</u>	<u>12,775,827</u>	<u>11,626,284</u>	<u>11,632,929</u>	<u>12,362,659</u>	<u>12,508,230</u>
Total primary government	<u>\$ 152,177,841</u>	<u>\$ 130,837,303</u>	<u>\$ 139,061,150</u>	<u>\$ 132,008,609</u>	<u>\$ 105,766,091</u>	<u>\$ 100,178,582</u>	<u>\$ 99,353,514</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 93,000	\$ 91,605	\$ 94,418	\$ 67,823	\$ 57,907	\$ 43,829	\$ 268
Judicial services	1,001,882	1,001,023	996,492	1,027,313	848,452	868,874	724,657
Public safety	1,081,644	980,923	566,118	550,938	310,781	311,082	93,295
Environmental and development services	657,892	822,526	1,015,870	874,000	904,135	610,078	705,600
Finance and planning	79,754	213,526	84,449	64,964	82,787	79,682	72,991
Education	671,289	375,062	664,019	775,129	491,438	67,918	76,316
Human services	423,252	373,751	252,905	239,712	120,518	81,202	92,189
General services	1,254,539	1,291,090	1,319,800	1,162,455	1,005,432	992,962	31,925
Community services	458,100	428,373	380,418	343,696	344,049	419,184	459,413
Operating grants and contributions	10,796,179	10,949,851	11,264,285	10,556,849	10,554,462	10,364,152	9,353,332
Capital grants and contributions	1,092,566	1,426,194	2,258,265	2,334,900	3,003,814	1,927,100	50,000
Total governmental activities	<u>17,610,097</u>	<u>17,953,924</u>	<u>18,897,039</u>	<u>17,997,779</u>	<u>17,723,775</u>	<u>15,766,063</u>	<u>11,659,986</u>
Business-type activities:							
Charges for services:							
Sewer Utility	7,353,075	7,010,571	7,394,850	7,058,534	6,365,257	6,233,117	6,811,936
Water Utility	718,736	790,208	723,962	919,793	591,514	689,201	1,028,343
Solid Waste	3,384,681	3,441,896	3,191,246	2,745,894	3,151,283	3,222,315	3,006,241
Yorktown Operations	335,753	324,592	76,636	53,718	10,554	-	4
Regional Radio System	200,053	125,620	-	-	-	-	-
Operating grants and contributions	-	455	573,544	-	-	-	-
Capital grants and contributions	1,742,277	3,500,028	2,126,944	3,319,300	2,914,078	3,088,844	3,270,704
Total business-type activities	<u>13,734,575</u>	<u>15,193,370</u>	<u>14,087,182</u>	<u>14,097,239</u>	<u>13,032,686</u>	<u>13,233,477</u>	<u>14,117,228</u>
Total primary government	<u>\$ 31,344,672</u>	<u>\$ 33,147,294</u>	<u>\$ 32,984,221</u>	<u>\$ 32,095,018</u>	<u>\$ 30,756,461</u>	<u>\$ 28,999,540</u>	<u>\$ 25,777,214</u>
Net (expense)/revenue							
Governmental activities	\$ (113,496,589)	\$ (99,558,969)	\$ (107,388,284)	\$ (102,384,546)	\$ (76,409,387)	\$ (72,049,860)	\$ (75,185,298)
Business-type activities	(7,336,580)	1,868,960	1,311,355	2,470,955	1,399,757	870,818	1,608,998
Total primary government net expense	<u>\$ (120,833,169)</u>	<u>\$ (97,690,009)</u>	<u>\$ (106,076,929)</u>	<u>\$ (99,913,591)</u>	<u>\$ (75,009,630)</u>	<u>\$ (71,179,042)</u>	<u>\$ (73,576,300)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	79,616,260	73,269,069	69,702,015	62,707,281	57,318,146	53,252,406	50,045,082
Local sales and use taxes	9,661,699	9,363,787	8,928,076	8,319,803	7,564,266	6,880,444	5,783,873
Hotel and motel room taxes	4,292,559	4,563,470	4,196,637	3,698,491	2,857,007	1,769,860	1,830,095
Restaurant food taxes	5,178,743	5,143,049	4,910,446	4,495,630	3,962,278	3,553,263	3,146,992
Business license taxes	5,487,494	6,601,944	5,455,784	4,957,395	4,226,847	3,866,899	3,753,613
Motor vehicle licenses	1,495,939	1,404,639	1,426,483	1,357,565	1,291,961	1,202,293	1,186,793
Franchise taxes	-	-	364,516	703,762	652,046	595,181	567,661
Taxes on recordation and wills	1,617,076	2,054,522	1,973,736	2,024,164	1,619,933	1,235,075	1,190,722
Emergency telephone service taxes	-	-	352,343	717,810	728,098	745,135	780,394
Other local taxes	1,997,715	2,371,898	1,248,928	619,655	586,268	628,340	623,136
Personal property tax relief - Commonwealth of Virginia	8,547,502	8,737,103	8,760,459	9,138,457	8,582,184	7,874,695	7,632,438
Insurance recoveries	-	78,629	188,175	30,465	40,170	7,249	-
Unrestricted investment earnings	1,070,698	2,331,247	2,659,404	1,767,067	829,682	445,578	649,878
Miscellaneous	1,037,292	471,649	828,003	845,135	710,744	632,415	672,757
Transfers	(3,330,542)	(3,201,992)	(3,207,179)	(3,414,294)	(3,304,595)	(2,813,431)	(2,384,634)
Extraordinary item - Hurricane	-	-	-	-	-	(674,702)	-
Total governmental activities	<u>116,672,435</u>	<u>113,189,014</u>	<u>107,787,826</u>	<u>97,968,386</u>	<u>87,665,035</u>	<u>79,200,700</u>	<u>75,478,800</u>
Business-type activities:							
Unrestricted investment earnings	289,168	463,923	559,177	441,818	270,832	116,428	140,400
Miscellaneous	142,591	28,893	316,362	299,952	10,684	66,078	38,206
Transfers	3,330,542	3,201,992	3,207,179	3,414,294	3,304,595	2,813,431	2,384,634
Extraordinary item - Hurricane	-	-	-	-	-	(733,220)	-
Total business-type activities	<u>3,762,301</u>	<u>3,694,808</u>	<u>4,082,718</u>	<u>4,156,064</u>	<u>3,586,111</u>	<u>2,262,717</u>	<u>2,563,240</u>
Total primary government	<u>\$ 120,434,736</u>	<u>\$ 116,883,822</u>	<u>\$ 111,870,544</u>	<u>\$ 102,124,450</u>	<u>\$ 91,251,146</u>	<u>\$ 81,463,417</u>	<u>\$ 78,042,040</u>
Change in Net Assets							
Governmental activities	\$ 3,175,846	\$ 13,630,045	\$ 399,542	\$ (4,416,160)	\$ 11,255,648	\$ 7,150,840	\$ 293,502
Business-type activities	(3,574,279)	5,563,768	5,394,073	6,627,019	4,985,868	3,133,535	4,172,238
Total primary government	<u>\$ (398,433)</u>	<u>\$ 19,193,813</u>	<u>\$ 5,793,615</u>	<u>\$ 2,210,859</u>	<u>\$ 16,241,516</u>	<u>\$ 10,284,375</u>	<u>\$ 4,465,740</u>

Note: Reflects retroactive reporting to the year of GASB 34 implementation, June 30, 2003.

COUNTY OF YORK, VIRGINIA
 Governmental Activities Tax Revenues By Source - Accrual Basis of Accounting
 Last Seven Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Property tax	\$ 79,616,260	\$ 73,269,069	\$ 69,702,015	\$ 62,707,281	\$ 57,318,146	\$ 53,252,406	\$ 50,045,082
Local sales and use tax	9,661,699	9,363,787	8,928,076	8,319,803	7,564,266	6,880,444	5,783,873
Hotel and motel room taxes	4,292,559	4,563,470	4,196,637	3,698,491	2,857,007	1,769,860	1,830,095
Restaurant food taxes	5,178,743	5,143,049	4,910,446	4,495,630	3,962,278	3,553,263	3,146,992
Business license taxes	5,487,494	6,601,944	5,455,784	4,957,395	4,226,847	3,866,899	3,753,613
Motor vehicle licenses	1,495,939	1,404,639	1,426,483	1,357,565	1,291,961	1,202,293	1,186,793
Franchise taxes	-	-	364,516	703,762	652,046	595,181	567,661
Taxes on recordation and wills	1,617,076	2,054,522	1,973,736	2,024,164	1,619,933	1,235,075	1,190,722
Emergency telephone service	-	-	352,343	717,810	728,098	745,135	780,394
Other local taxes	1,997,715	2,371,898	1,248,928	619,655	586,268	628,340	623,136
Total	<u>\$ 109,347,485</u>	<u>\$ 104,772,378</u>	<u>\$ 98,558,964</u>	<u>\$ 89,601,556</u>	<u>\$ 80,806,850</u>	<u>\$ 73,728,896</u>	<u>\$ 68,908,361</u>

Note: Reflects retroactive reporting to the year of GASB 34 implementation, June 30, 2003.

COUNTY OF YORK, VIRGINIA
Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting
Last Ten Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Fund										
Reserved	\$ 12,371,540	\$ 14,021,740	\$ 15,645,170	\$ 15,053,392	\$ 12,324,185	\$ 840,078	\$ 871,235	\$ 999,987	\$ 837,006	\$ 1,279,508
Unreserved	<u>39,493,924</u>	<u>39,412,194</u>	<u>32,796,722</u>	<u>23,753,571</u>	<u>23,464,140</u>	<u>32,175,762</u>	<u>30,564,306</u>	<u>27,688,542</u>	<u>28,282,843</u>	<u>28,460,583</u>
Total general fund	<u>\$ 51,865,464</u>	<u>\$ 53,433,934</u>	<u>\$ 48,441,892</u>	<u>\$ 38,806,963</u>	<u>\$ 35,788,325</u>	<u>\$ 33,015,840</u>	<u>\$ 31,435,541</u>	<u>\$ 28,688,529</u>	<u>\$ 29,119,849</u>	<u>\$ 29,740,091</u>
All Other Governmental Funds										
Reserved	\$ 11,633,657	\$ 7,297,735	\$ 2,315,408	\$ 2,741,390	\$ 3,410,368	\$ 5,822,775	\$ 1,275,312	\$ 451,446	\$ 380,120	\$ 1,074,830
Unreserved, reported in:										
Special revenue funds	(7,518,113)	533,468	369,712	(37,149)	200,194	383,271	389,634	138,960	157,598	137,899
Debt service funds	-	-	-	-	-	-	-	703	1,119	1,083
Capital project funds	<u>10,990,959</u>	<u>(7,771,767)</u>	<u>4,577,888</u>	<u>6,532,017</u>	<u>4,566,305</u>	<u>17,630,478</u>	<u>12,014,454</u>	<u>12,976,193</u>	<u>11,366,883</u>	<u>8,546,528</u>
Total all other governmental funds	<u>\$ 15,106,503</u>	<u>\$ 59,436</u>	<u>\$ 7,263,008</u>	<u>\$ 9,236,258</u>	<u>\$ 8,176,867</u>	<u>\$ 23,836,524</u>	<u>\$ 13,679,400</u>	<u>\$ 13,567,302</u>	<u>\$ 11,905,720</u>	<u>\$ 9,760,340</u>

COUNTY OF YORK, VIRGINIA
Changes in Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting
Last Ten Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues										
General property taxes	\$ 77,258,854	\$ 73,378,206	\$ 69,684,667	\$ 62,683,368	\$ 66,230,441	\$ 60,746,643	\$ 57,087,494	\$ 53,621,815	\$ 50,721,066	\$ 47,093,108
Other local taxes	29,646,843	31,393,679	28,747,770	26,790,657	23,388,472	20,306,785	18,703,090	17,333,797	16,314,813	15,905,921
Intergovernmental	19,489,917	20,355,321	20,847,757	21,502,588	12,978,471	9,589,864	9,615,713	9,385,055	8,758,167	8,489,679
Permits, fees and licenses	735,562	831,243	1,046,764	913,332	930,640	638,530	728,015	655,530	581,587	769,640
Fines and forfeitures	358,110	345,100	327,126	327,745	304,214	281,112	203,218	220,598	113,355	121,759
Use of money and property	1,384,103	2,579,157	2,924,334	2,052,750	1,296,955	743,322	939,010	1,363,315	2,564,644	2,625,057
Charges for services	2,630,683	2,757,316	2,578,634	2,403,509	2,216,468	2,318,497	1,060,310	790,722	701,506	609,367
Miscellaneous	611,039	484,469	753,369	874,117	393,477	433,621	376,807	573,861	316,693	477,525
Recovered costs	2,161,212	2,071,392	2,600,887	1,686,726	1,354,117	2,666,263	193,280	206,057	241,213	114,574
Total revenue	<u>134,276,323</u>	<u>134,195,883</u>	<u>129,511,308</u>	<u>119,234,792</u>	<u>109,093,255</u>	<u>97,724,637</u>	<u>88,906,937</u>	<u>84,150,750</u>	<u>80,313,044</u>	<u>76,206,630</u>
Expenditures										
General government	2,018,604	1,844,681	2,113,708	1,673,175	1,680,539	1,569,469	1,328,817	1,736,730	1,445,872	1,228,877
Judicial services	2,775,268	2,811,979	2,542,993	2,242,388	2,143,641	1,972,741	1,718,449	1,803,498	1,754,639	1,533,474
Public safety	26,970,154	25,451,641	23,780,172	23,712,329	19,923,126	17,532,025	16,086,937	14,701,921	13,867,702	12,695,736
Environmental and development services	3,572,643	3,440,043	3,364,588	3,090,005	2,739,985	2,431,389	2,340,682	2,193,928	2,069,455	1,808,512
Finance and planning	10,506,158	9,602,977	10,189,383	8,126,815	7,915,016	6,531,070	6,612,953	5,644,519	5,454,953	4,696,578
Education	53,222,468	45,330,434	55,134,646	56,476,027	36,694,856	37,637,781	39,973,688	2,056,874	1,774,025	1,520,572
Human services	8,747,132	8,615,083	7,991,893	7,660,822	7,615,543	6,896,253	6,476,991	6,124,278	5,747,846	5,329,085
General services	7,311,531	6,604,110	6,362,307	5,767,179	5,322,325	4,429,005	4,438,122	4,209,542	3,892,482	3,650,512
Community services	3,696,218	3,398,991	3,310,307	3,361,651	2,540,703	2,332,758	2,201,509	2,096,462	2,091,819	1,818,047
Non-departmental	1,881,882	1,667,624	1,939,030	1,400,428	1,013,420	819,901	850,293	816,495	613,848	658,990
Capital outlay	9,789,500	14,993,302	4,710,733	6,877,390	23,015,460	13,914,552	3,753,408	2,615,468	3,798,777	7,851,512
Debt service:										
Principal	5,574,780	5,672,147	5,165,611	4,693,813	4,605,268	3,926,184	3,359,221	3,117,288	3,294,930	3,725,663
Interest and fiscal charges	3,855,923	3,880,565	3,750,570	3,205,542	3,223,039	3,022,661	2,392,524	2,436,662	2,972,834	3,165,258
Other costs of debt issuance	328,015	-	4,339	7,355	-	180,583	6,619	567,059	-	-
Total expenditures	<u>140,250,276</u>	<u>133,313,577</u>	<u>130,360,280</u>	<u>128,294,919</u>	<u>118,432,921</u>	<u>103,196,372</u>	<u>91,540,213</u>	<u>50,120,724</u>	<u>48,779,182</u>	<u>49,682,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,973,953)</u>	<u>882,306</u>	<u>(848,972)</u>	<u>(9,060,127)</u>	<u>(9,339,666)</u>	<u>(5,471,735)</u>	<u>(2,633,276)</u>	<u>34,030,026</u>	<u>31,533,862</u>	<u>26,523,814</u>
Other Financing Sources (Uses)										
Insurance recovery	34,680	78,629	188,175	30,465	40,170	7,249	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	18,390,000	-	-
Bonds issued	22,630,000	-	11,030,000	14,905,000	-	21,255,000	7,715,000	-	-	-
Note payable issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	523,691	-	274,451	797,573	-	228,544	286,319	1,152,911	-	-
Discount on bonds issued	-	-	-	-	-	(204,901)	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	(19,453,055)	-	-
Capital leases	151,400	148,428	286,890	971,921	-	-	-	65,560	121,800	2,395
Sale of capital and other assets	347,464	-	-	-	-	-	-	-	-	-
Transfers In	36,597,362	17,664,742	15,553,666	14,255,255	15,077,669	34,151,697	10,602,914	13,707,196	14,484,142	12,722,789
Transfers Out	<u>(40,832,047)</u>	<u>(20,985,635)</u>	<u>(18,822,531)</u>	<u>(17,822,058)</u>	<u>(18,665,345)</u>	<u>(37,053,019)</u>	<u>(13,111,847)</u>	<u>(46,662,376)</u>	<u>(44,614,666)</u>	<u>(43,122,930)</u>
Total other financing sources (uses)	<u>19,452,550</u>	<u>(3,093,836)</u>	<u>8,510,651</u>	<u>13,138,156</u>	<u>(3,547,506)</u>	<u>18,384,570</u>	<u>5,492,386</u>	<u>(32,799,764)</u>	<u>(30,008,724)</u>	<u>(30,397,746)</u>
Extraordinary Item - Hurricane	-	-	-	-	-	(674,702)	-	-	-	-
Net change in fund balances	<u>\$ 13,478,597</u>	<u>\$ (2,211,530)</u>	<u>\$ 7,661,679</u>	<u>\$ 4,078,029</u>	<u>\$ (12,887,172)</u>	<u>\$ 12,238,133</u>	<u>\$ 2,859,110</u>	<u>\$ 1,230,262</u>	<u>\$ 1,525,138</u>	<u>\$ (3,873,932)</u>
Debt service as a percentage of noncapital expenditures (1)	<u>7.5%</u>	<u>8.1%</u>	<u>7.0%</u>	<u>6.6%</u>	<u>8.1%</u>	<u>7.9%</u>	<u>6.5%</u>			

(1) Noncapital expenditures = total expenditures less amounts for capitalized assets on the Government-Wide Statement of Net Assets. Reflects retroactive reporting to the year of GASB 34 implementation, June 30, 2003.

COUNTY OF YORK, VIRGINIA
 General Government Tax Revenues By Source - Modified Accrual Basis of Accounting
 Last Ten Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Property tax	\$ 77,258,854	\$ 73,378,206	\$ 69,684,667	\$ 62,683,368	\$ 66,230,441	\$ 60,746,643	\$ 57,087,494	\$ 53,621,815	\$ 50,721,066	\$ 47,093,108
Local sales and use tax	9,661,699	9,522,530	8,928,076	8,319,803	7,564,266	6,880,444	5,783,873	4,927,003	4,833,554	4,788,614
Hotel and motel room taxes	4,290,511	4,563,470	4,196,637	3,698,491	2,857,007	1,769,860	1,830,095	1,921,013	1,830,473	1,782,799
Restaurant food taxes	5,132,516	5,143,049	4,910,446	4,495,630	3,962,278	3,553,263	3,146,992	3,076,554	2,789,619	2,698,013
Business license taxes	5,487,494	6,712,236	5,455,784	4,957,395	4,226,847	3,866,899	3,753,613	3,315,908	3,253,758	3,305,823
Communications sales tax	1,371,148	1,509,095	647,120	-	-	-	-	-	-	-
Motor vehicle licenses	1,503,306	1,404,639	1,426,483	1,357,565	1,291,961	1,202,293	1,186,793	1,153,969	1,106,052	1,072,903
Franchise taxes	41	-	364,516	703,762	652,046	595,181	567,661	571,645	464,022	391,214
Taxes on recordation and wills	1,617,076	2,054,522	1,973,736	2,024,164	1,619,933	1,235,075	1,190,722	1,138,693	938,960	824,342
Emergency telephone service taxes	-	-	352,343	717,810	728,098	745,135	780,394	765,825	767,233	781,117
Other local taxes	583,052	484,138	492,629	516,037	486,036	458,635	462,947	463,187	331,142	261,096
Total	\$ 106,905,697	\$ 104,771,885	\$ 98,432,437	\$ 89,474,025	\$ 89,618,913	\$ 81,053,428	\$ 75,790,584	\$ 70,955,612	\$ 67,035,879	\$ 62,999,029

COUNTY OF YORK, VIRGINIA
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

<u>Year</u>	<u>Real Property</u>		<u>Personal Property</u>	<u>Mobile Home</u>	<u>Public Utility</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
	<u>Residential</u>	<u>Commercial</u>			<u>Real Estate</u>	<u>Personal Property</u>	<u>CPC Equipment</u>		
2009	\$7,802,656,100	\$1,190,943,400	\$ 460,168,335	\$ 4,725,400	\$ 346,268,796	\$ 147,871	\$ 72,185,117	\$9,877,095,019	\$ 0.9698
2008	7,668,516,700	1,101,172,500	515,107,210	4,276,100	308,145,734	148,765	67,877,755	9,665,244,764	0.9753
2007	6,665,019,900	980,775,300	487,921,335	4,224,900	326,639,988	174,188	75,653,448	8,540,409,059	0.9136
2006	6,530,030,700	924,418,600	476,044,805	4,234,365	281,865,579	147,630	56,217,994	8,272,959,673	0.8866
2005	4,583,006,800	759,384,400	438,975,665	4,533,300	308,441,261	195,614	108,900,347	6,203,437,387	1.0399
2004	4,458,533,400	719,324,700	389,936,240	4,048,700	311,750,291	103,116	83,427,310	5,967,123,757	1.0628
2003	3,689,658,100	643,037,800	372,586,710	4,483,220	383,517,402	81,725	47,572,000	5,140,936,957	1.0860
2002	3,546,944,389	618,004,200	357,154,465	4,710,800	373,094,854	67,399	45,232,394	4,945,208,501	1.0852
2001	3,137,194,700	594,325,100	341,671,410	5,499,500	396,014,109	75,058	48,741,804	4,523,521,681	1.0954
2000	3,003,836,200	578,278,400	343,064,595	4,977,800	384,314,309	76,790	45,963,521	4,360,511,615	1.1053

Source: County Commissioner of Revenue.

Note: Values are net of tax exempt property. Property in the County is reassessed every two years. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

COUNTY OF YORK, VIRGINIA
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate (1) (2) (3)	Personal Property (1)	Mobile Home (1) (3)	CPC Equipment (1) (3)
2009	\$ 0.6575	\$ 4.00	\$ 0.6575	\$ 0.5260
2008	0.6975/0.6575	\$ 4.00	0.6975/0.6575	0.558/0.526
2007	0.6975	4.00	0.6975	0.558
2006	0.8175/0.6975	4.00	0.8175/0.6975	0.654/0.558
2005	0.8175	4.00	0.8175	0.654
2004	0.86/0.8175	4.00	0.86/0.8175	0.688/0.654
2003	0.86	4.00	0.86	0.688
2002	0.86	4.00	0.86	0.688
2001	0.86	4.00	0.86	0.688
2000	0.86	4.00	0.86	0.688

(1) Tax rate per \$100 of assessed valuation.

(2) The amount designated for school operating is \$0.494 for fiscal year 2009.

(3) The tax rate, 1st half/2nd half, if different.

Note: The County has no overlapping taxes with other governments.

COUNTY OF YORK, VIRGINIA
Principal Property Taxpayers
Calendar Year 2008 and Nine Years Prior*

<u>Taxpayer</u>	<u>Description</u>	<u>2008 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>1999 Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Virginia Power Company	Generating plant	\$ 349,158,895	1	3.57%	\$ 331,110,037	1	8.21%
Lawyers Title/Fairfield Resorts	Fairfield timeshare and condominiums	195,387,665	2	2.00%	81,757,365	3	2.03%
Giant Industries/Amoco Oil	Refinery	117,880,840	3	1.21%	81,825,170	2	2.03%
City of Newport News	Water system	88,968,300	4	0.91%	64,061,100	4	1.59%
Great Wolf Lodge of Williamsburg, LLC	Hotel and water park	64,764,680	5	0.66%			
Kings Creek Plantation	Timeshare condominiums	64,429,970	6	0.66%			
Busch Entertainment	Water park	47,061,925	7	0.48%	45,393,030	5	1.13%
1991 Ashe Property	Apartments	39,375,400	8	0.40%	16,131,800	9	0.40%
Wal-Mart	Retail sales	35,616,520	9	0.36%			
Phillip Morris	Manufacturer	<u>19,742,660</u>	10	<u>0.20%</u>	12,990,600	10	0.32%
Bell Atlantic	Telephone company				24,055,063	6	0.60%
Virginia Natural Gas	Natural gas				19,204,128	7	0.48%
Kiln Creek Shopping Center	Retail sales				<u>17,728,100</u>	8	<u>0.44%</u>
Total		<u>\$ 1,022,386,855</u>		<u>10.46%</u>	<u>\$ 694,256,393</u>		<u>17.23%</u>

*The County's assessment cycle is on a calendar year basis.
Source: Commissioner of the Revenue of the County of York, Virginia.

COUNTY OF YORK, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy (1) (2) (3)</u>		<u>Current Tax Collections (1)</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Year</u>	<u>Total Collections to Date</u>	
						<u>Amount</u>	<u>Percentage of Levy</u>
2009	\$ 77,519,190		\$ 74,221,594	95.75%	\$ -	\$ 74,221,594	95.75%
2008	72,552,762		70,122,593	96.65%	1,774,963	71,897,556	99.10%
2007	69,290,160		67,367,845	97.23%	1,452,115	68,819,960	99.32%
2006	67,054,087		64,874,238	96.75%	1,767,880	66,642,118	99.39%
2005	65,863,726		63,315,662	96.13%	1,885,508	65,201,170	98.99%
2004	60,823,449		58,099,636	95.52%	2,219,463	60,319,099	99.17%
2003	57,471,361		55,137,811	95.94%	1,876,069	57,013,880	99.20%
2002	53,335,585		51,353,839	96.28%	1,661,509	53,015,348	99.40%
2001	50,512,862		48,624,757	96.26%	1,572,159	50,196,916	99.37%
2000	47,039,600		44,889,391	95.43%	1,528,448	46,417,839	98.68%

(1) Effective for 2006, the Commonwealth of Virginia passed legislation changing the nature of the Personal Property Tax Relief Act "PPTRA" (Virginia State Code, Title 58.1, Chapter 35) from a reimbursement based entitlement program to a block grant. Consequently, the levy and collections for the first half of calendar year 2006 (second half of fiscal year 2006), excludes the Commonwealth's noncategorical aid for PPTRA. Figures for the second half of calendar year 2005 (first half of fiscal year 2006) and for applicable prior years include the Commonwealth's reimbursement for PPTRA.

(2) The total tax levy was restated from previous years reported assessment for fiscal year 2000.

COUNTY OF YORK, VIRGINIA
Ratio of Outstanding Debt By Type (1)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Literary Loans	Capital Leases	Certificates of Participation	Lease Revenue Bonds	Note Payable	General Obligation Bonds	Revenue Bonds	Capital Leases			
2009	\$ 58,395,000	\$ 300,000	\$ 914,834	\$ -	\$ 31,715,000	\$ 1,620,440	\$ -	\$ 8,785,933	\$ 2,598,931	\$ 104,330,138	2.82%	\$ 1,603
2008	56,910,000	400,000	953,896	-	15,595,000	1,879,758	-	9,071,898	730,000	85,540,552	2.66%	1,341
2007	60,925,000	550,000	986,448	-	16,680,000	2,120,925	-	9,347,334	895,000	91,504,707	2.84%	1,434
2006	53,455,000	710,000	860,883	-	17,740,000	2,345,211	-	9,612,267	1,055,000	85,778,361	2.80%	1,355
2005	41,655,000	870,000	69,189	-	18,780,000	2,553,797	-	9,886,722	1,205,000	75,019,708	2.62%	1,202
2004	44,785,000	1,030,000	175,471	-	19,795,000	2,747,783	-	9,310,721	1,350,000	79,193,975	3.06%	1,281
2003	43,740,000	1,190,000	276,247	-	3,070,000	2,928,191	-	9,484,287	1,490,000	62,178,725	2.56%	1,026
2002	38,645,400	1,350,000	372,288	-	3,385,000	3,095,971	69,600	9,652,440	1,559,167	58,129,866	2.51%	979
2001	41,122,900	1,535,700	459,780	3,470,000	-	3,252,007	142,100	9,810,200	1,680,000	61,472,687	2.83%	1,049
2000	43,702,500	1,725,600	493,296	3,695,000	-	3,397,121	217,500	9,962,586	1,791,667	64,985,270	3.21%	1,154

(1) Bonds are shown at gross, excluding premiums and/or discounts and deferred amounts on refundings.

(2) See Population and Personal Income on Demographic and Economic Statistics table, page L-16.

COUNTY OF YORK, VIRGINIA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2009	\$ 58,395,000	\$ -	\$ 58,395,000	0.59%	\$ 897
2008	56,910,000	-	56,910,000	0.59%	881
2007	60,925,000	-	60,925,000	0.63%	955
2006	53,455,000	-	53,455,000	0.63%	844
2005	41,655,000	-	41,655,000	0.50%	668
2004	44,785,000	-	44,785,000	0.72%	725
2003	43,740,000	-	43,740,000	0.73%	722
2002	38,715,000	-	38,715,000	0.75%	652
2001	44,735,000	-	44,735,000	0.90%	763
2000	47,615,000	-	47,615,000	1.05%	846

(1) See Assessed Value table, page L-9.

(2) See Population on Demographic and Economic Statistics table, page L-16.

COUNTY OF YORK, VIRGINIA
Pledged Revenue Coverage (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Net Revenues (2)</u>	<u>Capacity Fees</u>	<u>Unrestricted Reserves (3)</u>	<u>Total Debt Service</u>	<u>Coverage Test 1 (4)</u>	<u>Coverage Test 2a (5)</u>	<u>Coverage Test 2b (6)</u>
2009	\$ 3,778,312	\$ 876,754	\$ 7,531,006	\$ 629,454	2.3	5.3	7.5
2008	5,097,348	973,743	5,993,299	626,904	3.0	7.4	8.1
2007	5,121,058	1,492,611	8,262,475	629,441	3.1	7.0	9.0
2006	6,563,280	1,408,337	8,905,523	632,745	3.9	9.3	10.9
2005	6,006,482	1,011,881	11,859,790	671,271	3.5	8.2	11.4
2004	6,320,968	838,044	11,438,400	704,533	3.5	8.4	11.0
2003	7,134,291	819,566	11,585,415	707,133	3.9	9.5	11.8
2002	4,810,057	790,377	8,992,967	704,258	3.0	5.7	8.1
2001	3,682,309	683,814	7,471,388	706,145	2.3	4.7	6.7
2000	3,584,478	1,301,151	5,234,578	298,285	3.2	9.8	12.4

(1) Revenue covenants on 1999 Sewer System Revenue Bonds and 2005 Sewer System Revenue Refunding Bonds must meet two coverage tests. The non-callable portion of the 1999 bonds was paid off in 2009.

(2) Net revenue represents income before transfers, excluding interest and fiscal charges, depreciation, amortization, loss on disposals and donated property.

(3) Funds deposited in the Repair and Replacement Fund and the General Reserve Fund less the minimal amount required to be deposited in the Repair and Replacement Fund.

(4) The ratio of the net revenues divided by the sum of 120% of the annual debt service plus any amounts required to be deposited in the Repair and Replacement Fund and the Debt Service Reserve Fund during the fiscal year must exceed 1.0.

(5) The ratio of net revenues less 50% of capacity fees divided by 100% of total debt service must exceed 1.0.

(6) The ratio of net revenues less 50% of capacity fees plus 50% of unrestricted reserves divided by 150% of annual debt service must exceed 1.0.

COUNTY OF YORK, VIRGINIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (2)	Personal Income (Thousands) (1)	Per Capita Income (1)	Median Age (2)	Education Level In Years of Formal Schooling (3)	Student Average Daily Membership (4)	Unemployment Rate (5)
2009	65,100	\$ 3,702,762	\$ 48,200	40.60	12.80	12,732	5.4%
2008	64,600	3,454,404	45,200	40.20	12.80	12,745	3.3%
2007	63,800	3,221,889	44,184	39.70	12.80	12,649	2.4%
2006	63,300	3,060,925	42,146	39.30	12.80	12,797	2.6%
2005	62,400	2,868,081	39,603	38.90	12.80	12,442	3.0%
2004	61,800	2,590,622	36,154	38.50	12.80	12,363	3.0%
2003	60,600	2,432,539	34,193	38.00	12.80	12,184	3.2%
2002	59,400	2,316,285	32,873	37.60	12.80	12,010	3.1%
2001	58,600	2,174,435	31,460	37.20	12.80	11,750	2.5%
2000	56,297	2,025,203	29,734	36.50	12.80	11,667	1.9%

Source:

- (1) County Planning Division 2009 - 2008 (estimated); U.S. Bureau of Economic Analysis (2007 - 2000). The U.S. Bureau of Economic Analysis figures include the City of Poquoson.
- (2) County Planning Division, except fiscal year 2000 - U.S. Bureau of the Census.
- (3) U.S Bureau of the Census - 2000.
- (4) County School Division.
- (5) Local Area Unemployment Statistics Program and the Bureau of Labor Statistics.

COUNTY OF YORK, VIRGINIA

Principal Employers
Current and Nine Years Prior

<u>Employer</u>	<u>2009</u>			<u>2000</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Naval Weapons Station/ Cheatham Annex	3,225	1	15.00%	2,800	1	19.00%
York County School Division	1,959	2	9.00%	1,622	2	11.00%
Wal-Mart	998	3	5.00%			
Sentara Williamsburg Regional Medical Center	885	4	4.00%			
U.S. Coast Guard Station	871	5	4.00%			
Water Country	825	6	4.00%	603	4	4.00%
York County Government	787	7	4.00%	729	3	5.00%
Great Wolf Lodge	557	8	3.00%			
Windham Vacation Ownership	290	9	1.00%			
Kings Creek Plantation	266	10	1.00%			
K-Mart				423	5	3.00%
BP Amoco				219	6	2.00%
Foodlion				213	7	1.00%
Cybernetics				150	8	1.00%
Virginia Power				108	9	1.00%
C.A. Barrs				90	10	1.00%
Total	<u>10,663</u>		<u>50.00%</u>	<u>6,957</u>		<u>48.00%</u>

Source: County Office of Economic Development.

COUNTY OF YORK, VIRGINIA
 Full-time Equivalent County Employees By Function
 Last Ten Fiscal Years

Function	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General government	20.50	20.50	21.50	21.00	21.00	20.50	20.00	19.50	19.50	18.50
Judicial services	31.50	31.50	30.50	29.00	29.00	28.50	26.50	25.75	26.50	25.00
Public safety	286.75	279.75	266.00	259.50	254.50	238.50	227.50	222.50	215.50	213.50
Environmental and development services	54.00	53.00	52.00	51.00	46.00	44.00	44.00	43.00	43.00	41.00
Finance and planning	89.25	86.50	85.25	84.75	82.25	82.25	84.00	81.00	79.50	76.50
Education (Library)	33.50	33.50	34.00	32.50	32.50	32.50	32.50	31.50	31.50	32.00
General services	68.00	55.00	53.00	57.00	57.00	56.00	56.00	56.00	56.00	54.75
Community services	54.20	53.20	53.20	52.20	51.60	52.60	55.10	50.45	48.75	47.95
Sewer	53.00	53.00	54.00	51.00	53.00	49.00	47.00	45.00	42.00	41.00
Water	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Solid Waste	12.00	12.00	12.00	12.00	12.00	10.50	10.50	8.75	8.75	8.35
Vehicle Maintenance	12.00	12.00	12.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00
	<u>716.20</u>	<u>691.45</u>	<u>674.95</u>	<u>662.45</u>	<u>650.35</u>	<u>625.85</u>	<u>614.60</u>	<u>594.95</u>	<u>582.50</u>	<u>570.05</u>

Source: County Human Resources. Includes full-time and part-time positions; excludes work-as-required staff.

COUNTY OF YORK, VIRGINIA
Operating Indicators By Function
Last Ten Years

Function	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Government										
Elections - Registered voters	44,962	42,906	41,203	40,667	39,485	38,619	37,047	36,557	35,006	33,337
Judicial Services (Clerk of Court)										
Criminal and civil cases filed	1,730	1,607	1,900	2,101	1,908	1,908	1,956	1,993	2,062	2,118
Land records filed	26,790	30,111	31,223	32,842	29,895	33,757	33,614	24,632	22,407	21,802
Sheriff										
Physical arrests	1,684	1,328	1,231	1,054	1,082	1,216	1,081	1,290	1,311	1,290
Parking violations	467	399	143	121	40	39	349	220	260	271
Traffic violations	4,390	2,694	3,292	3,575	3,446	3,129	3,545	4,271	4,037	3,867
Fire and Life Safety										
Number of calls	8,717	9,161	8,709	15,140	14,600	13,260	11,627	10,871	10,674	9,640
Fire dispatches	3,497	3,999	3,695	7,887	7,785	6,481	5,745	5,509	5,051	4,429
Rescue dispatches	5,220	5,162	5,014	7,253	6,815	6,779	5,882	5,362	5,623	5,031
Environmental and Development Services										
Building Permits Issued:										
Residential	527	558	773	740	1,511	2,150	5,979	5,260	6,103	6,674
Commercial and Industrial	3,354	4,301	4,833	4,557	4,602	4,541	131	101	95	170
Building Permit Value:										
Residential	\$ 53,464,724	\$ 62,785,863	\$ 69,500,342	\$ 56,900,303	\$ 92,101,773	\$ 96,294,361	\$ 117,627,859	\$ 101,825,775	\$ 92,124,207	\$ 106,765,134
Commercial and Industrial	\$ 60,085,857	\$ 91,115,026	\$ 124,587,601	\$ 117,138,997	\$ 69,204,000	\$ 61,825,886	\$ 19,775,459	\$ 22,541,983	\$ 10,048,969	\$ 23,427,493
Education										
Library book circulation	647,845	658,982	645,851	680,584	693,601	676,857	679,983	542,428	413,501	343,250
Library registered patrons	77,612	71,578	65,019	66,660	60,412	51,862	48,156	43,788	40,947	38,003
School Division cost per pupil	\$ 9,506	\$ 8,996	\$ 8,888	\$ 8,117	\$ 7,664	\$ 6,930	\$ 6,545	\$ 6,268	\$ 6,294	\$ 5,953
Community services										
Recreation program participation	130,137	82,284	57,328	45,508	40,392	42,461	42,654	53,913	58,325	67,756
Sewer										
New connections	251	442	530	760	841	214	1,256	624	1,300	500
Water										
New connections	8	12	10	7	8	11	2	14	1	(5)
Consumption	116,927,460	123,386,411	95,512,834	80,965,900	52,087,160	43,867,358	39,515,600	38,551,617	33,604,205	33,827,835
Solid Waste										
Refuse collections (tons)	110,282	115,738	132,544	152,493	141,635	136,792	125,065	131,219	120,442	81,599
Recyclables collected (tons)	27,200	30,136	21,527	17,424	16,591	38,047	18,772	15,581	15,367	14,176

Source: Various County departments, except for Sheriff's physical arrests 2005 - 1998, which is from the Virginia State Police on a calendar year basis.

COUNTY OF YORK, VIRGINIA
 Capital Asset Statistics By Function
 Last Ten Years

Function	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Sheriff										
Patrol units	54	51	49	48	46	46	43	45	41	40
Fire and Life Safety										
Stations	6	6	6	6	6	6	6	6	6	6
Fire and rescue apparatus	25	25	25	24	24	24	23	22	22	22
Community services										
Park acreage	786	847	840	847	847	660	650	650	650	650
Parks	11	11	11	11	11	10	9	9	9	9
Tennis courts	36	32	30	32	32	32	32	32	32	32
Basketball courts	38	36	36	36	36	36	35	35	35	35
Volleyball courts	1	1	1	1	1	1	1	1	1	1
Athletic fields	73	60	60	60	60	60	59	59	57	57
Education										
School facilities	19	19	19	19	19	19	19	18	18	18
Sewer										
Sanitary sewer (miles)	288	287	384	214	211	204	202	191	189	186
Water										
Mains (miles)	21.00	20.00	19.50	16.00	15.00	14.00	14.00	13.00	13.00	12.00
Fire hydrants	208	232	152	114	108	97	97	80	80	62
Maximum daily capacity	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

Source: Various County departments.



**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 York, Virginia

We have audited the basic financial statements of the County of York, Virginia as of and for the year ended June 30, 2009, and have issued our report thereon dated November 09, 2009. 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 Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

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 opinion 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.

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

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

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

Compliance and Other Matters

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

This report is intended for the information of the Board of Supervisors, management, 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.

Cherry, Bekert & Holland, L.L.P.

Richmond, Virginia
November 09, 2009



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

The Honorable Members of the Board of Supervisors
County of York, Virginia

Compliance

We have audited the compliance of the County of York, Virginia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of York's management. Our responsibility is to express an opinion on the County of York's compliance based on our audit.

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

In our opinion, the County of York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of York is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The report is intended for the information of the Board of Supervisors, management, 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.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
November 09, 2009



**Independent Auditors' Report on Compliance with
Commonwealth of Virginia's Laws, Regulations,
Contracts and Grants**

The Honorable Members of the Board of Supervisors
County of York, Virginia

We have audited the basic financial statements of the County of York, Virginia, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 09, 2009.

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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions, and, accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

<u>Code of Virginia</u>	<u>State Agency Requirements</u>
Budget and Appropriation Laws	Education
Cash and Investments	Comprehensive Services Act
Conflicts of Interest	Social Services
Debt Provisions	
Retirement Systems	
Procurement	
Unclaimed Property	

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

This report is intended solely for the information of the Board of Supervisors, management, the Auditor of Public Accounts and applicable state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
November 09, 2009

COUNTY OF YORK, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Granting Agency/Recipient State Agency/Grant Program</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Agriculture:		
Direct payments:		
Child and Adult Care Food Program	10.558	\$ 68,682
Pass-through payments:		
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (765-460-03; 765-460-06)	10.561	547,214
Department of Agriculture:		
Commodities	10.555	\$ 245,919
Department of Education:		
School Breakfast Program	10.553	148,657
National School Lunch Program	10.555	851,677
Department of Juvenile Justice:		
National School Lunch Program (777-360-03)	10.555	<u>6,089</u>
Total Child Nutrition Cluster		1,252,342
Department of Defense:		
Direct payments:		
Naval Junior ROTC Program	12.000	114,170
National Defense Authorization Act	12.000	596,468
Department of Housing and Urban Development:		
Pass-through payments:		
Department of Housing and Community Development:		
Community Development Block Grants/State's Program	14.228	20,312
Virginia Housing Development Authority:		
Section 8 Housing Choice Vouchers	14.871	171,207
Department of the Interior:		
Direct payments:		
Payments in Lieu of Taxes	15.226	12,714
Department of Justice:		
Direct payments:		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	27,778
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	27,468
State Criminal Alien Assistance Program	16.606	6,681
Bulletproof Vest Partnership Program	16.607	9,314
Edward Byrne Memorial Justice Assistance Grant Program	16.738	793
Pass-through payments:		
Department of Criminal Justice Services:		
Crime Victim Assistance	16.575	68,455
Edward Byrne Memorial Formula Grant Program	16.579	16,303
Violence Against Women Formula Grants (140-390-01)	16.588	21,574
Department of Transportation:		
Pass-through payments:		
Department of Motor Vehicles:		
State and Community Highway Safety (154-605-07; 510-605-07)	20.600	38,317
Federal Communications Commission		
Direct payments:		
Universal Service - E-rate Program	32.000	3,473
Department of Education:		
Direct payments:		
Impact Aid	84.041	7,818,161
Pass-through payments:		
Department of Education (197-179-01):		
Adult Education - Basic Grants to States	84.002	36,186
Title I Grants to Local Educational Agencies	84.010	330,678

(continued)

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF YORK, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Granting Agency/Recipient State Agency/Grant Program</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Education:		
Pass-through payments:		
Department of Education (197-179-01):		
Special Education and Rehabilitative Services:		
Special Education - Grants to States	84.027	1,938,600
Special Education - Preschool Grants	84.173	<u>48,656</u>
Total Special Education Cluster		1,987,256
Vocational and Adult Education:		
Career and Technical Education - Basic Grants to States	84.048	90,448
Safe and Drug-Free Schools and Communities - State Grants	84.186	25,798
Education Technology State Grants	84.318	7,342
English Language Acquisition Grants	84.365	19,158
Improving Teacher Quality State Grants	84.367	307,096
State Compensation Board:		
State Fiscal Stabilization Fund - Government Services, Recovery Act (157-307-12; 157-307-13; 157-307-16)	84.397	694,373
Department of Health and Human Services:		
Direct payments:		
Administration for Children, Youth and Families:		
Head Start	93.600	823,319
Pass-through payments:		
Department of Social Services:		
Promoting Safe and Stable Families (765-460-06; 765-469-01)	93.556	68,910
Temporary Assistance for Needy Families (765-452-01; 765-452-12; 765-460-03; 765-460-06)	93.558	358,482
Refugee and Entrant Assistance - State Administered Programs (765-460-03; 765-460-06)	93.566	1,167
Low-Income Home Energy Assistance (765-460-03; 765-460-06)	93.568	16,195
Child Care and Development Block Grant (765-452-15)	93.575	360,357
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (765-452-14; 765-452-15; 765-460-03; 765-460-06)	93.596	<u>137,065</u>
Total Child Care Cluster		497,422
Chafee Education and Training Vouchers Program (765-469-01)	93.599	5,127
Child Welfare Services - State Grants (765-460-06)	93.645	3,061
Foster Care - Title IV-E (765-460-03; 765-460-06; 765-469-01)	93.658	244,506
ARRA - Foster Care - Title IV-E (765-469-01)	93.658	219
Adoption Assistance (765-460-03; 765-460-06; 765-469-03)	93.659	53,835
ARRA - Adoption Assistance (765-469-03)	93.659	372
Social Services Block Grant (765-460-03; 765-460-06; 765-468-02; 765-469-01)	93.667	168,762
Chafee Foster Care Independence Program (765-469-01; 765-460-03; 765-460-06)	93.674	4,683
ARRA - Child Care and Development Block Grant (765-452-14; 765-452-15)	93.713	2,701
Children's Health Insurance Program (765-460-03; 765-460-06)	93.767	41,089
Medical Assistance Program (765-460-03; 765-460-06)	93.778	358,732
Department of Medical Assistance Services:		
Medical Assistance Program	93.778	110,427
Department of Public Health:		
Public Health Emergency Preparedness	93.069	18,000
Department of Homeland Security:		
Pass-through payments:		
Department of Emergency Services:		
National Urban Search and Rescue Response System	97.025	2,794
Emergency Management Performance Grants (127-775-01)	97.042	45,529
Citizen Corps (127-775-01)	97.053	255
State Homeland Security Program (127-775-01)	97.073	<u>34,979</u>
Total		<u>\$ 17,180,327</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF YORK, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

COUNTY OF YORK, VIRGINIA
Schedule Of Findings And Questioned Costs
For the Fiscal Year Ended June 30, 2009

A. Summary of Auditors' Results

1. The type of report issued on the basic financial statements: **UNQUALIFIED OPINIONS**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **NO**
3. Noncompliance, which is material to the financial statements: **NO**
4. Significant deficiencies in internal control over major programs: **NO**
5. The type of report issued on compliance for major programs: **UNQUALIFIED OPINION**
6. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **NO**
7. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Education:	
Impact Aid	84.041
American Recovery and Reinvestment Act – State Fiscal Stabilization Fund	84.397
Department of Defense:	
National Defense Authorization Act	12.000
Department of Department of Agriculture:	
Child Nutrition Cluster	10.553/10.555
State Administrative Matching Grants For The Supplemental Nutrition Assistance Program	10.561

8. Dollar threshold to distinguish between Types A and B Programs: **\$515,410**
9. The County of York was determined to be a low risk auditee.

B. Findings - Financial Statement Audit

NONE

C. Findings and Questioned Costs - Major Federal Awards

NONE

D. Resolution of Prior Year's Findings

There were no findings reported in the prior year.

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