

COUNTY *of*  
CUMBERLAND  
VIRGINIA

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FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009



**County of Cumberland, Virginia**

**Financial Report**

**Year Ended June 30, 2009**

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## County of Cumberland, Virginia

Financial Report  
June 30, 2009

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### BOARD OF SUPERVISORS

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William F. Osl, Jr., Chair  
Van Petty, Vice Chair  
Elbert Womack  
Timothy Kennell  
Robert Oertel

### COUNTY SCHOOL BOARD

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Doris Seal, Chairman

Dr. Christine Ross  
Ginger Sanderson

George Lee Dowdy  
George Reid, Jr.

### OTHER OFFICIALS

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Judge of the Circuit Court  
Judge of the Circuit Court  
Judge of the Circuit Court  
Clerk of the Circuit Court  
Judge of the General District Court  
Judge of the Juvenile Domestic Relations Court  
Commonwealth's Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Director of Social Services  
County Administrator

Richard S. Blanton, Jr.  
Leslie Osborn  
William Wellons  
Carol Ownby  
Robert G. Woodson, Jr.  
Marvin Dunkun  
Patricia D. Scales  
Anita H. French  
L.O. Pfeiffer, Jr.  
Darrell Hodges  
Jim Thornton  
Karen Blackwell  
Judy Ownby



COUNTY OF CUMBERLAND, VIRGINIA

Financial Report  
Year Ended June 30, 2009

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

**The Honorable Members of  
The Board of Supervisors  
County of Cumberland, Virginia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, 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 Cumberland, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2009, on our consideration of the County of Cumberland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 24, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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To the Honorable Members of the Board of Supervisors  
To the Citizens of Cumberland County  
County of Cumberland, Virginia

As management of the County of Cumberland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009.

### Financial Highlights

#### Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$6,859,603 (net assets).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing (uses) in excess of revenues by \$1,642,435 (Exhibit 4). General Fund contributions to the School Board totaled \$4,185,534 for the current fiscal year.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$3,470,000 a decrease of \$1,642,435 in comparison with the prior year.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$3,698,630 or 10% of total general fund expenditures.
- Our combined long-term obligations increased \$4,566,768 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

## Overview of the Financial Statements: (Continued)

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

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

Proprietary funds—Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Sewer Fund provides a centralized source for sewer services to County residents.

The Water Fund provides a centralized source for water services to County residents.

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities by \$6,859,603 at the close of the most recent fiscal year.

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 4,870,757	\$ 8,639,981	\$ 483,827	\$ 571,197	\$ 5,354,584	\$ 9,211,178
Capital assets	<u>41,328,662</u>	<u>39,697,876</u>	<u>8,355,937</u>	<u>8,578,692</u>	<u>49,684,599</u>	<u>48,276,568</u>
Total assets	\$ <u>46,199,419</u>	\$ <u>48,337,857</u>	\$ <u>8,839,764</u>	\$ <u>9,149,889</u>	\$ <u>55,039,183</u>	\$ <u>57,487,746</u>
Long-term liabilities outstanding	\$ 39,348,497	\$ 21,212,197	\$ 1,557,267	\$ 1,589,432	\$ 40,905,764	\$ 22,801,629
Current liabilities	<u>7,232,124</u>	<u>23,125,793</u>	<u>41,692</u>	<u>43,188</u>	<u>7,273,816</u>	<u>23,168,981</u>
Total liabilities	\$ <u>46,580,621</u>	\$ <u>44,337,990</u>	\$ <u>1,598,959</u>	\$ <u>1,632,620</u>	\$ <u>48,179,580</u>	\$ <u>45,970,610</u>
Net assets:						
Invested in capital , assets net of related debt	\$ (3,799,310)	\$ 1,852,235	\$ 6,766,555	\$ 6,957,130	\$ 2,967,245	\$ 8,809,365
Restricted	786,223	706,601	-	-	786,223	706,601
Unrestricted	<u>2,631,885</u>	<u>1,441,031</u>	<u>474,250</u>	<u>560,139</u>	<u>3,106,135</u>	<u>2,001,170</u>
Total net assets	\$ <u>(381,202)</u>	\$ <u>3,999,867</u>	\$ <u>7,240,805</u>	\$ <u>7,517,269</u>	\$ <u>6,859,603</u>	\$ <u>11,517,136</u>

The County’s net assets decreased \$4,500,983 during the current fiscal year.

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

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

Governmental Activities—Governmental activities decreased the County’s net assets by \$4,302,018. Key elements of this decrease are as follows:

**County of Cumberland, Virginia's Changes in Net Assets  
For the Years Ended June 30, 2009 and 2008**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 224,623	\$ 500,159	\$ 310,333	\$ 441,026	\$ 534,956	\$ 941,185
Operating grants and contributions	2,452,522	2,847,017	27,345	-	2,479,867	2,847,017
Capital grants and contributions	618,820	3,575,280	-	-	618,820	3,575,280
General revenues:						
General property taxes	6,989,867	6,671,011	-	-	6,989,867	6,671,011
Other local taxes	1,321,181	1,370,255	-	-	1,321,181	1,370,255
Grants and other contributions not restricted	928,274	987,713	-	-	928,274	987,713
Other general revenues	275,334	591,902	9,138	18,362	284,472	610,264
Total revenues	<u>\$ 12,810,621</u>	<u>\$ 16,543,337</u>	<u>\$ 346,816</u>	<u>\$ 459,388</u>	<u>\$ 13,157,437</u>	<u>\$ 17,002,725</u>
Expenses:						
General government administration	\$ 1,556,822	\$ 1,422,017	-	-	\$ 1,556,822	\$ 1,422,017
Judicial administration	425,338	440,064	-	-	425,338	440,064
Public safety	2,354,306	2,500,174	-	-	2,354,306	2,500,174
Public works	1,212,922	1,091,571	-	-	1,212,922	1,091,571
Health and welfare	2,080,940	2,109,789	-	-	2,080,940	2,109,789
Education	6,339,648	6,778,573	-	-	6,339,648	6,778,573
Parks, recreation, and cultural	190,112	187,871	-	-	190,112	187,871
Community development	746,629	1,337,794	-	-	746,629	1,337,794
Interest and other fiscal charges	2,141,701	1,099,526	-	-	2,141,701	1,099,526
Sewer	-	-	353,001	472,481	353,001	472,481
Water	-	-	257,001	220,262	257,001	220,262
Total expenses	<u>\$ 17,048,418</u>	<u>\$ 16,967,379</u>	<u>\$ 610,002</u>	<u>\$ 692,743</u>	<u>\$ 17,658,420</u>	<u>\$ 17,660,122</u>
Increase(decrease) in net assets before transfers	\$ (4,237,797)	\$ (424,042)	\$ (263,186)	\$ (233,355)	\$ (4,500,983)	\$ (657,397)
Transfers	(64,221)	(125,752)	64,221	125,752	-	-
Change in net assets	\$ (4,302,018)	\$ (549,794)	\$ (198,965)	\$ (107,603)	\$ (4,500,983)	\$ (657,397)
Net assets, July 1, 2008	<u>3,920,816</u>	<u>4,549,661</u>	<u>7,439,770</u>	<u>7,624,872</u>	<u>11,360,586</u>	<u>12,174,533</u>
Net assets, June 30, 2009	<u><u>\$ (381,202)</u></u>	<u><u>\$ 3,999,867</u></u>	<u><u>\$ 7,240,805</u></u>	<u><u>\$ 7,517,269</u></u>	<u><u>\$ 6,859,603</u></u>	<u><u>\$ 11,517,136</u></u>

## Overview of the Financial Statements: (Continued)

### Government-wide Financial Analysis: (Continued)

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

### Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$3,470,000, a decrease of \$1,642,435 in comparison with the prior year. Approximately 43% of this total amount constitutes unreserved undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed:

#### Proprietary funds

The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

#### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$303,181 and can be briefly summarized as follows:

- \$128,293 in increases for health and welfare
- \$127,000 in increases for interest
- \$87,253 in increases for public safety

Of this increase, \$189,156 was to be funded from state and federal revenues. The remaining \$70,806 was to be budgeted from available fund balance and other revenue increases.

#### Capital Asset and Debt Administration

- Capital assets—The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2009 totals \$49,684,599 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The County completed construction and renovations at the High/Middle School and has incurred costs totaling \$33,769,163 at June 30, 2009. This is by far the largest construction project in the County's history.

## **Capital Asset and Debt Administration: (Continued)**

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

Long-term debt—At the end of the current fiscal year, the County had total bonded debt outstanding of \$47,416,260. Of this amount \$45,127,972 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt increased \$4,504,254 during the current fiscal year. This debt was issued to provide funding for the construction of the new high/middle school.

Additional information on the County of Cumberland, Virginia's long-term debt can be found in Note 10 of this report.

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

The unemployment rate for the County was 7.6 percent in July 2009, which is an increase from the rate of 4.7 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.9 percent and favorably to the national rate of 9.7 percent.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

The fiscal year 2010 General Fund's budget decreased from \$13,361,214 to \$13,351,898. Tax rates remained the same.

## **Requests for Information**

This financial report is designed to provide a general overview of the County of Cumberland, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 110, Cumberland, Virginia 23040.

## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
At June 30, 2009

	Primary Government			Component Units	
	Govern- mental Activities	Business - Type Activities	Total	School Board	IDA
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,919,633	\$ 539,634	\$ 2,459,267	\$ 788,432	\$ -
Restricted assets	786,223	-	786,223	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	998,372	-	998,372	-	-
Accounts receivable	47,862	14,193	62,055	-	-
Notes receivable	-	-	-	-	244,444
Due from component units	533,683	-	533,683	-	-
Due from other governments	514,984	-	514,984	393,149	-
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	<u>\$ 4,870,757</u>	<u>\$ 483,827</u>	<u>\$ 5,354,584</u>	<u>\$ 1,181,581</u>	<u>\$ 244,444</u>
Noncurrent Assets:					
Capital assets:					
Land	\$ 142,089	\$ 22,458	\$ 164,547	\$ 275,687	\$ -
Construction in progress	141,951	64,221	206,172	-	-
Buildings and equipment, net of depreciation	41,044,622	8,269,258	49,313,880	8,322,400	-
Total Noncurrent Assets	<u>\$ 41,328,662</u>	<u>\$ 8,355,937</u>	<u>\$ 49,684,599</u>	<u>\$ 8,598,087</u>	<u>\$ -</u>
Total Assets	<u>\$ 46,199,419</u>	<u>\$ 8,839,764</u>	<u>\$ 55,039,183</u>	<u>\$ 9,779,668</u>	<u>\$ 244,444</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 415,822	\$ 9,577	\$ 425,399	\$ 830,174	\$ -
Due to primary government	-	-	-	289,239	244,444
Unearned revenue	91,579	-	91,579	-	-
Accrued interest payable	246,342	-	246,342	-	-
Current portion of long-term obligations	6,478,381	32,115	6,510,496	79,620	-
Total Current Liabilities	<u>\$ 7,232,124</u>	<u>\$ 41,692</u>	<u>\$ 7,273,816</u>	<u>\$ 1,199,033</u>	<u>\$ 244,444</u>
Noncurrent Liabilities:					
Noncurrent portion of long-term obligations	39,348,497	1,557,267	40,905,764	1,669,343	-
Total Liabilities	<u>\$ 46,580,621</u>	<u>\$ 1,598,959</u>	<u>\$ 48,179,580</u>	<u>\$ 2,868,376</u>	<u>\$ 244,444</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ (3,799,310)	\$ 6,766,555	\$ 2,967,245	\$ 7,148,937	\$ -
Restricted for:					
Debt Service	786,223	-	786,223	-	-
Unrestricted assets	2,631,885	474,250	3,106,135	(237,645)	-
Total Net Assets	<u>\$ (381,202)</u>	<u>\$ 7,240,805</u>	<u>\$ 6,859,603</u>	<u>\$ 6,911,292</u>	<u>\$ -</u>
Total Liabilities and Net Assets	<u>\$ 46,199,419</u>	<u>\$ 8,839,764</u>	<u>\$ 55,039,183</u>	<u>\$ 9,779,668</u>	<u>\$ 244,444</u>

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

COUNTY OF CUMBERLAND, VIRGINIA

Statement of Activities  
 Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 1,556,822	\$ 10,017	\$ 187,171	\$ -
Judicial administration	425,338	80,005	255,064	-
Public safety	2,354,306	125,552	636,874	-
Public works	1,212,922	7,749	11,024	-
Health and welfare	2,080,940	-	1,362,389	-
Education	6,339,648	-	-	400,000
Parks, recreation, and cultural	190,112	-	-	-
Community development	746,629	1,300	-	218,820
Interest on long-term debt	2,141,701	-	-	-
Total governmental activities	<u>\$ 17,048,418</u>	<u>\$ 224,623</u>	<u>\$ 2,452,522</u>	<u>\$ 618,820</u>
Business-type activities:				
Sewer	\$ 353,001	\$ 208,203	\$ -	\$ -
Water	257,001	102,130	27,345	-
Total business-type activities	<u>\$ 610,002</u>	<u>\$ 310,333</u>	<u>\$ 27,345</u>	<u>\$ -</u>
Total primary government	<u>\$ 17,658,420</u>	<u>\$ 534,956</u>	<u>\$ 2,479,867</u>	<u>\$ 618,820</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 18,464,015	\$ 260,831	\$ 13,049,643	\$ -
IDA	6,227	-	-	-
Total component units	<u>\$ 18,470,242</u>	<u>\$ 260,831</u>	<u>\$ 13,049,643</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Communication taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
E-911 taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
IDA contribution to County				
County contribution to School Board				
Transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Changes in Net Assets					
Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	School Board	IDA	
\$ (1,359,634)	\$ -	\$ (1,359,634)	\$ -	\$ -	
(90,269)	-	(90,269)	-	-	
(1,591,880)	-	(1,591,880)	-	-	
(1,194,149)	-	(1,194,149)	-	-	
(718,551)	-	(718,551)	-	-	
(5,939,648)	-	(5,939,648)	-	-	
(190,112)	-	(190,112)	-	-	
(526,509)	-	(526,509)	-	-	
(2,141,701)	-	(2,141,701)	-	-	
<u>\$ (13,752,453)</u>	<u>\$ -</u>	<u>\$ (13,752,453)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (144,798)	\$ (144,798)	\$ -	\$ -	
-	(127,526)	(127,526)	-	-	
<u>\$ -</u>	<u>\$ (272,324)</u>	<u>\$ (272,324)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (13,752,453)</u>	<u>\$ (272,324)</u>	<u>\$ (14,024,777)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (5,153,541)	\$ -	
-	-	-	-	(6,227)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,153,541)</u>	<u>\$ (6,227)</u>	
\$ 6,989,867	\$ -	\$ 6,989,867	\$ -	\$ -	
348,032	-	348,032	-	-	
398,982	-	398,982	-	-	
169,293	-	169,293	-	-	
216,139	-	216,139	-	-	
107,226	-	107,226	-	-	
1,034	-	1,034	-	-	
80,475	-	80,475	-	-	
157,506	9,138	166,644	-	6,227	
111,601	-	111,601	506,113	-	
928,274	-	928,274	-	-	
6,227	-	6,227	-	-	
-	-	-	6,121,261	-	
(64,221)	64,221	-	-	-	
<u>\$ (4,302,018)</u>	<u>\$ (198,965)</u>	<u>\$ (4,500,983)</u>	<u>\$ 1,473,833</u>	<u>\$ -</u>	
3,920,816	7,439,770	11,360,586	5,437,459	-	
<u>\$ (381,202)</u>	<u>\$ 7,240,805</u>	<u>\$ 6,859,603</u>	<u>\$ 6,911,292</u>	<u>\$ -</u>	

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## **Fund Financial Statements**

Balance Sheet - Governmental Funds  
At June 30, 2009

	General	County Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 763,874	\$ 1,155,759	\$ 1,919,633
Restricted assets	786,223	-	786,223
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	998,372	-	998,372
Accounts receivable	47,862	-	47,862
Due from component units	533,683	-	533,683
Due from other funds	70,000	-	70,000
Due from other governmental units	346,164	168,820	514,984
Total	<u>\$ 3,546,178</u>	<u>\$ 1,324,579</u>	<u>\$ 4,870,757</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 34,492	\$ 381,330	\$ 415,822
Deferred revenue	984,935	-	984,935
Total liabilities	<u>\$ 1,019,427</u>	<u>\$ 381,330</u>	<u>\$ 1,400,757</u>
<b>FUND BALANCES</b>			
Reserved:			
Advance to IDA	\$ 244,444	\$ -	\$ 244,444
Unreserved:			
Designated:			
Debt service	786,223	-	786,223
Capital projects	-	943,249	943,249
Undesignated	1,496,084	-	1,496,084
Total fund balances	<u>\$ 2,526,751</u>	<u>\$ 943,249</u>	<u>\$ 3,470,000</u>
Total liabilities and fund balances	<u>\$ 3,546,178</u>	<u>\$ 1,324,579</u>	<u>\$ 4,870,757</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

Total Fund Balances per Balance Sheet	\$ 3,470,000
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.	\$ 41,328,662
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(246,342)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	893,356
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	(45,826,878)
Net assets of general government activities	<u>\$ (381,202)</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended June 30, 2009

	<u>General</u>	<u>County Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
General property taxes	\$ 6,795,668	\$ -	\$ 6,795,668
Other local taxes	1,321,181	-	1,321,181
Permits, privilege fees and regulatory licenses	67,754	-	67,754
Fines and forfeitures	78,229	-	78,229
Revenue from use of money and property	99,832	57,674	157,506
Charges for services	78,640	-	78,640
Miscellaneous	110,951	650	111,601
<b>Intergovernmental:</b>			
IDA contribution to County	6,227	-	6,227
School Board contribution to County	249,451	-	249,451
Commonwealth	2,807,691	168,820	2,976,511
Federal	573,105	450,000	1,023,105
<b>Total revenues</b>	<b>\$ 12,188,729</b>	<b>\$ 677,144</b>	<b>\$ 12,865,873</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government administration	\$ 1,454,880	\$ 70,384	\$ 1,525,264
Judicial administration	344,985	-	344,985
Public safety	2,158,796	162,719	2,321,515
Public works	1,134,709	26,321	1,161,030
Health and welfare	2,071,123	-	2,071,123
Education	4,188,034	4,151,355	8,339,389
Parks, recreation, and cultural	185,889	-	185,889
Community development	486,030	396,549	882,579
Nondepartmental	3,750	-	3,750
<b>Debt service:</b>			
Principal retirement	1,032,057	-	1,032,057
Interest and other fiscal charges	1,857,280	287,570	2,144,850
<b>Total expenditures</b>	<b>\$ 14,917,533</b>	<b>\$ 5,094,898</b>	<b>\$ 20,012,431</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (2,728,804)</b>	<b>\$ (4,417,754)</b>	<b>\$ (7,146,558)</b>
<b>Other financing sources (uses):</b>			
Transfers in	\$ 646,033	\$ 106,820	\$ 752,853
Retirement of VACO / VML note	-	(20,200,000)	(20,200,000)
Issuance of long-term debt	-	25,768,344	25,768,344
Transfers (out)	(106,820)	(710,254)	(817,074)
<b>Total other financing sources (uses)</b>	<b>\$ 539,213</b>	<b>\$ 4,964,910</b>	<b>\$ 5,504,123</b>
<b>Net change in fund balances</b>	<b>\$ (2,189,591)</b>	<b>\$ 547,156</b>	<b>\$ (1,642,435)</b>
<b>Fund balances at beginning of year</b>	<b>4,716,342</b>	<b>396,093</b>	<b>5,112,435</b>
<b>Fund balances at end of year</b>	<b>\$ 2,526,751</b>	<b>\$ 943,249</b>	<b>\$ 3,470,000</b>

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Funds  
Year Ended June 30, 2009

		<u>Primary Governmental Funds</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds	\$	(1,642,435)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.</p>		
Capital outlay	\$ 3,256,899	
Depreciation expense	<u>(812,011)</u>	2,444,888
Transfer of joint tenancy assets from Primary Government to the Component Unit		(735,051)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of deferred taxes.		194,199
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:</p>		
Principal retired on note payable and general obligation bonds	\$ 787,890	
Issuance of note payable	(5,568,344)	
Principal retired on state literary fund loans	<u>244,167</u>	(4,536,287)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:</p>		
Change in accrued leave	\$ (30,481)	
Change in interest payable	<u>3,149</u>	<u>(27,332)</u>
Change in net assets of governmental activities	\$	<u><u>(4,302,018)</u></u>

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

Statement of Net Assets - Proprietary Funds  
At June 30, 2009

	Sewer Fund	Water Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 160,074	\$ 379,560	\$ 539,634
Accounts receivable	9,943	4,250	14,193
Total current assets	<u>\$ 170,017</u>	<u>\$ 383,810</u>	<u>\$ 553,827</u>
Noncurrent assets:			
Capital Assets:			
Land	\$ 22,458	\$ -	\$ 22,458
Construction in progress	-	64,221	64,221
Buildings and equipment, net of depreciation	4,577,465	3,691,793	8,269,258
Total noncurrent assets	<u>\$ 4,599,923</u>	<u>\$ 3,756,014</u>	<u>\$ 8,355,937</u>
Total Assets	<u><u>\$ 4,769,940</u></u>	<u><u>\$ 4,139,824</u></u>	<u><u>\$ 8,909,764</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 9,352	\$ 225	\$ 9,577
Due to other funds	70,000	-	70,000
Current portion of long-term obligations	32,115	-	32,115
Total current liabilities	<u>\$ 111,467</u>	<u>\$ 225</u>	<u>\$ 111,692</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	<u>\$ 1,557,267</u>	<u>\$ -</u>	<u>\$ 1,557,267</u>
Total Liabilities	<u>\$ 1,668,734</u>	<u>\$ 225</u>	<u>\$ 1,668,959</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 3,011,361	\$ 3,756,014	\$ 6,766,555
Unrestricted assets	89,845	383,585	474,250
Total Net Assets	<u>\$ 3,101,206</u>	<u>\$ 4,139,599</u>	<u>\$ 7,240,805</u>
Total Liabilities and Net Assets	<u><u>\$ 4,769,940</u></u>	<u><u>\$ 4,139,824</u></u>	<u><u>\$ 8,909,764</u></u>

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

Statement of Revenues, Expenses and Changes in Net Assets -  
 Proprietary Funds  
 Year Ended June 30, 2009

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 208,203	\$ 102,130	\$ 310,333
Total revenues	<u>\$ 208,203</u>	<u>\$ 102,130</u>	<u>\$ 310,333</u>
Operating expenses:			
Salaries	\$ 14,769	\$ 72,739	\$ 87,508
Fringe benefits	5,056	29,183	34,239
Contracted services	3,567	4,473	8,040
Other operating expenses	77,044	44,693	121,737
Depreciation	181,063	105,913	286,976
Total operating expenses	<u>\$ 281,499</u>	<u>\$ 257,001</u>	<u>\$ 538,500</u>
Operating income (loss)	<u>\$ (73,296)</u>	<u>\$ (154,871)</u>	<u>\$ (228,167)</u>
Non-operating revenues (expenses):			
Interest income	\$ 2,516	\$ 6,622	\$ 9,138
Commonwealth of Virginia grants	-	27,345	27,345
Interest expense	<u>(71,502)</u>	<u>-</u>	<u>(71,502)</u>
Total nonoperating revenues (expenses)	<u>\$ (68,986)</u>	<u>\$ 33,967</u>	<u>\$ (35,019)</u>
Income (loss) before contributions and transfers	\$ (142,282)	\$ (120,904)	\$ (263,186)
Transfers in	<u>-</u>	<u>64,221</u>	<u>64,221</u>
Change in net assets	\$ (142,282)	\$ (56,683)	\$ (198,965)
Net assets at beginning of year	<u>3,243,488</u>	<u>4,196,282</u>	<u>7,439,770</u>
Net assets at end of year	<u><u>\$ 3,101,206</u></u>	<u><u>\$ 4,139,599</u></u>	<u><u>\$ 7,240,805</u></u>

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

Statement of Cash Flows -  
 Proprietary Funds  
 Year Ended June 30, 2009

	Sewer Fund	Water Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 214,504	\$ 106,919	\$ 321,423
Payments for salaries and fringe benefits	(19,972)	(101,922)	(121,894)
Payments for operating activities	(81,939)	(49,319)	(131,258)
Net cash provided by (used in) operating activities	<u>\$ 112,593</u>	<u>\$ (44,322)</u>	<u>\$ 68,271</u>
Cash flows from capital and related financing activities:			
Retirement of indebtedness	\$ (32,033)	\$ -	\$ (32,033)
Purchase of capital assets	-	(64,221)	(64,221)
Interest paid on loans	(71,502)	-	(71,502)
Net cash provided by (used in) capital and related financing activities	<u>\$ (103,535)</u>	<u>\$ (64,221)</u>	<u>\$ (167,756)</u>
Cash flows from noncapital financing activities:			
Transfers in	\$ -	\$ 64,221	\$ 64,221
Non-operating grants from the Commonwealth of Virginia	-	27,345	27,345
Net cash provided by (used in) noncapital financing activities	<u>\$ -</u>	<u>\$ 91,566</u>	<u>\$ 91,566</u>
Cash flows from investing activities:			
Interest earned	\$ 2,516	\$ 6,622	\$ 9,138
Net cash provided by (used in) investing activities	<u>\$ 2,516</u>	<u>\$ 6,622</u>	<u>\$ 9,138</u>
Increase (decrease) in cash and cash equivalents	\$ 11,574	\$ (10,355)	\$ 1,219
Cash and cash equivalents at beginning of year	148,500	389,915	538,415
Cash and cash equivalents at end of year	<u>\$ 160,074</u>	<u>\$ 379,560</u>	<u>\$ 539,634</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (73,296)	\$ (154,871)	\$ (228,167)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:			
Depreciation	181,063	105,913	286,976
Changes in operating assets and liabilities:			
(Increase)/decrease in accounts receivable	6,301	4,789	11,090
Increase/(decrease) in accounts payable and accrued expenses	(1,475)	(153)	(1,628)
Net cash provided by (used in) operating activities	<u>\$ 112,593</u>	<u>\$ (44,322)</u>	<u>\$ 68,271</u>

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

Statement of Fiduciary Net Assets  
 At June 30, 2009

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>135,786</u>
<b>LIABILITIES</b>	
Amounts held for others	\$ <u>135,786</u>

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

# COUNTY OF CUMBERLAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2009

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

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The County of Cumberland, Virginia was formed in 1749 and it is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection; sanitation services; recreational activities; cultural events; education and social services.

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

#### Financial Statement Presentation

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

#### Government-wide and Fund Financial Statements

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

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

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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

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

Budgetary comparison schedules—Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, final budget and actual results.

#### A. Financial Reporting Entity

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

*Blended Component Units*—The County has no blended component units.

*Discretely Presented Component Units*—The School Board members are appointed by a School Board Selection Committee whose members are appointed by the Circuit Court and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report and does not have separate taxing powers. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2009.

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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#### B. Individual Component Unit Disclosures

The Industrial Development Authority of Cumberland County was established to promote industry and develop trade by inducing manufacturing, industrial government, and commercial enterprises to locate in Cumberland County. The Authority draws its corporate powers from the Virginia Code section 15.1-1376 which defines it as a body corporate. The Authority consists of 7 directors all of which are appointed by the Primary Government for limited terms. The primary Government can impose its will on the Authority by approving its annual operating budget. In summary, the Authority is a body corporate, appointed by the Primary Government. These factors warrant its inclusion in the County of Cumberland's reporting entity as a discretely presented component unit.

#### C. Other Related Organizations

The County's officials are also responsible for appointing the members of the board of other organizations, but the County's accountability for these organizations do not extend beyond making the appointment.

##### Included in the County's Annual Financial Report

None

##### Excluded from the County's Annual Financial Report

##### Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The board's service area includes the counties of Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, Nottoway and Cumberland. The Board is governed by a 15 member Board of Directors. One elected official and one consumer appointed by the County Board of Supervisors represents each County. The 15th member rotates between the Counties. Amelia County serves as the fiscal agent for the Board. The County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Piedmont Regional Jail Board—The Board was created in 1986 to develop, construct, operate and maintain the regional jail known as the Piedmont Regional Jail. The Jail's service area includes the counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway, and Prince Edward. The Board is governed by a Board of Directors appointed by the Board of Supervisors of each of the involved counties. The Board of Directors has appointed the Treasurer of the County of Nottoway to serve as fiscal agent. The Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as soon as all eligibility requirements imposed by the provided have been met.

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

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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

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

##### 1. Governmental Funds

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

###### a. General Fund

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

###### b. County Capital Projects Fund

The County Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds. The County Capital Projects Fund is considered a major fund for government-wide reporting purposes.

###### c. School Capital Projects Fund

The School Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities for schools. The School Capital Projects Fund is considered a major fund for government-wide reporting purposes.

##### 2. Proprietary Funds—account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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

##### Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The County reports the following major enterprise funds:

Sewer Fund—This fund is used to account for sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution system.

Water Fund—This fund is used to account for the County's water system.

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's agency funds include the Special Welfare Fund, Sheriff's Forfeiture Fund, and Landfill Escrow Fund.

#### E. Budgets and Budgetary Accounting

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

1. Prior to March 15, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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#### F. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### G. Investments

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

#### H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$170,094 at June 30, 2009 and is comprised of property taxes in the amount of \$158,405 and utility accounts in the amount of \$11,689.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due in two installments, the first on June 15<sup>th</sup> and the second on November 15<sup>th</sup>. Personal property taxes are payable November 15<sup>th</sup>. The County bills and collects its own property taxes.

#### I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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**I. Capital Assets: (Continued)**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	12

**J. Compensated Absences**

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

**K. Long-term Obligations**

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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

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#### L. Fund Equity

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

#### M. Retirement Plan

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

#### N. Use of Estimates

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

#### O. Net Assets

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

### Note 2—Deposits and Investments:

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#### Deposits

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

#### Investments

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

**Note 2—Deposits and Investments: (Continued)**

**Credit Risk of Debt Securities**

The County does not have a policy related to credit risk of debt securities.

The County's rated debt investments as of June 30, 2009 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

<b>Locality's Rate Debt Investments' Values</b>	
<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>
	<b>AAA</b>
Local Government Investment Pool	\$ 2,288,966
U.S. Treasury Money Market	813,259
U.S. Government Securities	302,854
Bear Stearns Fund	384,625
Total	\$ <u>3,789,704</u>

**Interest Rate Risk:**

The County does not have a policy related to interest rate risk.

<b>Investment Type</b>	<b>Investment Maturities (in years)</b>				
	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>Greater Than 10 Years</b>
U.S. Government Securities	\$ 302,854	\$ 302,854	\$ -	\$ -	\$ -
Bear Stearns Fund	<u>384,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,625</u>
	\$ <u>687,479</u>	\$ <u>302,854</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>384,625</u>

**External Investment Pools:**

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

**Note 3—Due From Other Governmental Units:**

At June 30, 2009 the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 222,040
Local sales taxes	35,658	-
Communication taxes	57,907	-
Public assistance	33,150	-
Comprehensive services	83,078	-
Shared expenses	76,136	-
Tobacco Indemnification & Revitalization Grant	168,820	-
Other	18,082	-
Federal Government:		
School funds		171,109
Public assistance	42,153	-
Total	<u>\$ 514,984</u>	<u>\$ 393,149</u>

**Note 4—Interfund Obligations/Due to/From Primary Government/Component Units:**

**Primary Government:**

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 70,000	\$ -
Sewer	-	70,000
Total	<u>\$ 70,000</u>	<u>\$ 70,000</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

**Note 4—Interfund Obligations/Due to/From Primary Government/Component Units: (Continued)**

Details of obligations between the primary government and its component units as of June 30, 2009 are as follows:

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 533,683	\$ -
Component Unit-School Board:		
School Operating	-	289,239
Component Unit-Industrial Development Authority:		
Industrial Development Authority	<u>-</u>	<u>244,444</u>
 Total	 <u>\$ 533,683</u>	 <u>\$ 533,683</u>

**Note 5—Interfund Transfers:**

Inter-fund transfers for the year ended June 30, 2009 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 646,033	\$ 106,820
County Capital Projects	106,820	710,254
Water	<u>64,221</u>	<u>-</u>
 Total	 <u>\$ 817,074</u>	 <u>\$ 817,074</u>

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

**Note 6—Note Receivable:**

\$1,000,000 note from the Component Unit IDA dated March 1, 1998 to be repaid in monthly installments of \$5,556 through March 2013, interest at no stated rate. At June 30, 2009, the note balance is \$244,444.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

**Note 7—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Governmental Activities:</b>				
<b>County:</b>				
Capital assets, not being depreciated:				
Land	\$ 142,089	\$ -	\$ -	\$ 142,089
Construction in progress	1,436,026	141,951	1,436,026	141,951
Construction in progress - jointly owned assets	<u>27,286,253</u>	<u>2,909,667</u>	<u>30,195,920</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 28,864,368</u>	<u>\$ 3,051,618</u>	<u>\$ 31,631,946</u>	<u>\$ 284,040</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 5,183,024	\$ 1,436,026	\$ -	\$ 6,619,050
Equipment including vehicles	2,030,481	205,281	-	2,235,762
Jointly owned assets	<u>7,864,109</u>	<u>30,195,920</u>	<u>887,057</u>	<u>37,172,972</u>
Total capital assets being depreciated	<u>\$ 15,077,614</u>	<u>\$ 31,837,227</u>	<u>\$ 887,057</u>	<u>\$ 46,027,784</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,431,047	\$ 174,026	\$ -	\$ 1,605,073
Equipment	1,502,870	213,661	-	1,716,531
Jointly owned assets	<u>1,389,240</u>	<u>424,324</u>	<u>152,006</u>	<u>1,661,558</u>
Total accumulated depreciation	<u>\$ 4,323,157</u>	<u>\$ 812,011</u>	<u>\$ 152,006</u>	<u>\$ 4,983,162</u>
Total capital assets being depreciated, net	<u>\$ 10,754,457</u>	<u>\$ 31,025,216</u>	<u>\$ 735,051</u>	<u>\$ 41,044,622</u>
Governmental activities capital assets, net	<u>\$ 39,618,825</u>	<u>\$ 34,076,834</u>	<u>\$ 32,366,997</u>	<u>\$ 41,328,662</u>
<b>Component Unit - School Board:</b>				
Capital assets, not being depreciated:				
Land	\$ 275,687	\$ -	\$ -	\$ 275,687
Construction in progress	<u>2,731,556</u>	<u>841,687</u>	<u>3,573,243</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 3,007,243</u>	<u>\$ 841,687</u>	<u>\$ 3,573,243</u>	<u>\$ 275,687</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,838,384	\$ 3,781,683	\$ -	\$ 7,620,067
Equipment including vehicles	2,623,224	400,000	-	3,023,224
Jointly owned assets	<u>2,864,169</u>	<u>887,057</u>	<u>-</u>	<u>3,751,226</u>
Total capital assets being depreciated	<u>\$ 9,325,777</u>	<u>\$ 5,068,740</u>	<u>\$ -</u>	<u>\$ 14,394,517</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,171,328	\$ 767,273	\$ -	\$ 2,938,601
Equipment	2,187,330	106,300	-	2,293,630
Jointly owned assets	<u>687,880</u>	<u>152,006</u>	<u>-</u>	<u>839,886</u>
Total accumulated depreciation	<u>\$ 5,046,538</u>	<u>\$ 1,025,579</u>	<u>\$ -</u>	<u>\$ 6,072,117</u>
Total capital assets being depreciated, net	<u>\$ 4,279,239</u>	<u>\$ 4,043,161</u>	<u>\$ -</u>	<u>\$ 8,322,400</u>
Governmental activities capital assets, net	<u>\$ 7,286,482</u>	<u>\$ 4,884,848</u>	<u>\$ 3,573,243</u>	<u>\$ 8,598,087</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

Note 7—Capital Assets: (Continued)

The following is a summary of changes in enterprise capital assets during the year:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
<b>Business-type activities:</b>				
<b>Sewer Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,458	\$ -	\$ -	\$ 22,458
Capital assets being depreciated:				
Equipment	\$ 64,106	\$ -	\$ -	\$ 64,106
Sewer lines	5,295,086	-	-	5,295,086
Buildings	1,447,348	-	-	1,447,348
Total capital assets being depreciated	\$ 6,806,540	\$ -	\$ -	\$ 6,806,540
Less accumulated depreciation:				
Equipment	\$ 53,385	\$ 3,574	\$ -	\$ 56,959
Sewer lines	1,487,245	132,377	-	1,619,622
Buildings	507,382	45,112	-	552,494
Total accumulated depreciation	\$ 2,048,012	\$ 181,063	\$ -	\$ 2,229,075
Total capital assets being depreciated, net	\$ 4,758,528	\$ (181,063)	\$ -	\$ 4,577,465
Net capital assets	<u>\$ 4,780,986</u>	<u>\$ (181,063)</u>	<u>\$ -</u>	<u>\$ 4,599,923</u>
<b>Water Fund:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 64,221	\$ -	\$ 64,221
Capital assets being depreciated:				
Equipment	\$ 33,010	\$ -	\$ -	\$ 33,010
Reservoir	1,932,398	-	-	1,932,398
Water lines	2,040,042	-	-	2,040,042
Total capital assets being depreciated	\$ 4,005,450	\$ -	\$ -	\$ 4,005,450
Less accumulated depreciation:				
Equipment	\$ 9,122	\$ 6,602	\$ -	\$ 15,724
Reservoir	96,620	48,310	-	144,930
Water lines	102,002	51,001	-	153,003
Total accumulated depreciation	\$ 207,744	\$ 105,913	\$ -	\$ 313,657
Total capital assets being depreciated, net	\$ 3,797,706	\$ (105,913)	\$ -	\$ 3,691,793
Net capital assets	<u>\$ 3,797,706</u>	<u>\$ (41,692)</u>	<u>\$ -</u>	<u>\$ 3,756,014</u>
Business-type activities capital assets, net	<u>\$ 8,578,692</u>	<u>\$ (222,755)</u>	<u>\$ -</u>	<u>\$ 8,355,937</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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**Note 7—Capital Assets: (Continued)**

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 25,693
Judicial administration	91,319
Public safety	168,890
Public works	86,698
Health and welfare	7,047
Education	424,324
Parks, recreation and cultural	3,640
Community development	4,400
Total	<u>\$ 812,011</u>
Component Unit-School Board	<u>\$ 873,573</u> *
Sewer Fund	<u>\$ 181,063</u>
Water Fund	<u>\$ 105,913</u>
* Depreciation expense above	\$ 873,573
Accumulated depreciation - joint tenancy assets	152,006
Total accumulated depreciation prior page	<u>\$ 1,025,579</u>

**Note 8—Restricted Assets:**

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Restricted assets at June 30, 2009 consist of the following:

Cash reserves for debt service-school	\$ 396,859
Cash reserves for debt service-courthouse	389,364
Total	<u>\$ 786,223</u>

**Note 9—Deferred Revenue:**

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Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$984,935 is comprised of the following:

**A. Deferred Property Tax Revenue**

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$893,356 at June 30, 2009.

**B. Prepaid Property Taxes**

Property taxes due subsequent to June 30, 2009 but paid in advance by the taxpayers totaled \$91,579 at June 30, 2009.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

Note 10—Long-Term Debt:

Primary Government:

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

Year Ending June 30,	Business-Type		Governmental							
	Revenue Bonds		General Obligation Bonds		Literary Fund Loans		VACO/VML Note Short-Term		VACO/VML Note Long-Term	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 33,504	\$ 70,800	\$ 849,076	\$ 849,453	\$ 244,167	\$ 96,757	\$ 4,800,000	\$ 110,112	\$ 560,000	\$ 827,089
2011	35,043	69,261	878,494	804,865	244,167	89,432	-	-	615,000	876,992
2012	36,653	67,651	908,404	758,499	236,887	82,107	-	-	640,000	849,155
2013	38,337	65,967	938,834	710,320	166,667	75,000	-	-	670,000	818,815
2014	40,098	64,206	974,810	659,939	166,667	70,000	-	-	705,000	787,629
2015	41,940	62,364	1,011,360	607,099	166,667	65,000	-	-	735,000	754,968
2016	43,867	60,437	1,048,514	551,979	166,667	60,000	-	-	770,000	721,362
2017	45,882	58,422	1,096,304	494,256	166,667	55,000	-	-	810,000	684,996
2018	47,990	56,314	1,139,764	433,717	166,667	50,000	-	-	845,000	647,459
2019	50,195	54,109	803,928	382,681	166,667	45,000	-	-	885,000	608,221
2020	52,501	51,803	828,834	341,792	166,667	40,000	-	-	925,000	567,579
2021	54,913	49,391	854,518	299,525	166,667	35,000	-	-	970,000	524,187
2022	57,435	46,869	886,024	255,708	166,667	30,000	-	-	1,015,000	479,165
2023	60,074	44,230	915,928	212,628	166,667	25,000	-	-	1,065,000	431,988
2024	62,834	41,470	941,612	168,013	166,667	20,000	-	-	1,115,000	382,812
2025	65,720	38,584	675,584	126,917	166,667	15,000	-	-	1,165,000	330,830
2026	68,739	35,565	695,548	91,953	166,667	10,000	-	-	1,220,000	276,736
2027	71,897	32,407	716,556	55,944	166,657	5,000	-	-	1,280,000	220,033
2028	75,200	29,104	738,664	18,836	-	-	-	-	1,340,000	160,706
2029	78,655	25,649	-	-	-	-	-	-	1,400,000	98,462
2030	82,268	22,036	-	-	-	-	-	-	1,470,000	33,367
2031	86,048	18,256	-	-	-	-	-	-	-	-
2032	90,001	14,303	-	-	-	-	-	-	-	-
2033	94,135	10,169	-	-	-	-	-	-	-	-
2034	98,460	5,844	-	-	-	-	-	-	-	-
2035	70,258	1,531	-	-	-	-	-	-	-	-
2036	5,915	49	-	-	-	-	-	-	-	-
Total	\$ 1,588,562	\$ 1,096,791	\$ 16,902,756	\$ 7,824,121	\$ 3,225,216	\$ 868,296	\$ 4,800,000	\$ 110,112	\$ 20,200,000	\$ 11,082,551

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

Note 10—Long-Term Debt: (Continued)

Primary Government: (continued)

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2009:

Governmental Activities:	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Compensated absences payable	\$ 220,902	\$ 48,242	\$ 17,761	\$ 251,383	\$ 25,138
Landfill closure	447,523	-	-	447,523	-
County general obligations bonds	3,300,000	-	145,000	3,155,000	155,000
School general obligation debt	14,390,646	-	642,890	13,747,756	694,076
VACO/VML direct loan program	-	20,200,000	-	20,200,000	560,000
VACO/VML temporary financing	19,431,656	5,568,344	20,200,000	4,800,000	4,800,000
Literary fund loans	3,469,383	-	244,167	3,225,216	244,167
Total Governmental Activities	<u>\$ 41,260,110</u>	<u>\$ 25,816,586</u>	<u>\$ 21,249,818</u>	<u>\$ 45,826,878</u>	<u>\$ 6,478,381</u>
<b>Business-Type Activities:</b>					
<b>Sewer Fund:</b>					
Compensated absences payable	\$ 967	-	\$ 147	\$ 820	\$ 82
Revenue Bonds	1,620,595	-	32,033	1,588,562	32,033
Total Business-Type Activities	<u>\$ 1,621,562</u>	<u>\$ -</u>	<u>\$ 32,180</u>	<u>\$ 1,589,382</u>	<u>\$ 32,115</u>
Total primary government	<u>\$ 42,881,672</u>	<u>\$ 25,816,586</u>	<u>\$ 21,281,998</u>	<u>\$ 47,416,260</u>	<u>\$ 6,510,496</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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**Note 10—Long-Term Debt: (Continued)**

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**Primary Government: (continued)**

Details of long-term obligation transactions of the County are as follows:

**Business-Type Activities:**

Revenue Bonds Payable:

\$1,548,800 series 1995 and Series A Sewer Revenue Bonds. Series A of \$772,000 and Series B of \$776,800 issued October 31, 1995 through the Commonwealth of Virginia. Interest payable for Series and Series A at 4.50% per year, interest only payable on the first and second anniversary dates of closing and thereafter payable in monthly installments of combined principal and interest of \$3,544 for Series A and \$3,566 for Series B each month for a period of thirty-eight years, until paid, each payment to be applied first to interest accrued to such payment date and then to principal, and such financial installment, if not sooner paid, to be due and payable within forty years. \$ 1,296,076

\$344,500 series 1996 Sewer Revenue Bonds issued October 9, 1996 through the Commonwealth of Virginia. Interest payable at 4.50%, interest payable on the first and second anniversary dates of closing and thereafter payable in monthly installments of combined principal and interest of \$1,582 for a period of thirty-eight years, until paid. Each payment to be applied first to interest accrued to such payment date and then to principal, and such final installment, if not sooner paid, to be due and payable within forty years. 292,486

Total Revenue Bonds \$ 1,588,562

Accrued compensated absences 820

Total Business-Type Activities \$ 1,589,382

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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**Note 10—Long-Term Debt: (Continued)**

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**Primary Government: (Continued)**

**Governmental Activities:**

VACO/VML Temporary Financing:

\$15,800,000 VACO/VML short-term financing note, series 2005, issued January 30, 2007, due in one lump sum payment, interest payable annually at 4.33% \$ 4,800,000

VACO/VML Direct Financing:

\$13,345,000 VACO/VML public improvement note, series 2008, issued December 17, 2008, due in principal annual payments through December 1, 2029, interest payable monthly at 4.51% \$ 20,200,000

State Literary Fund Loans:

\$1,542,720, issued May 22, 1993, due in principal annual installments of \$77,500, interest payable annually at 3% \$ 225,220

\$5,000,000, issued February 27, 1997, due in principal annual installments of \$166,667, interest payable annually at 3% 2,999,996

Total State Literary Fund Loans \$ 3,225,216

General Obligation Bonds:

\$4,190,000 obligation dated June 24, 1997, payable in various principal annual installments through July 15, 2017, interest payable semi-annually at rates ranging from 4.80% to 6.375% \$ 2,565,000

\$11,620,646 obligation dated November 8, 2007, payable in various principal annual installments through July 15, 2027, interest payable semi-annually at 5.1% 11,182,756

\$3,845,000 obligation dated October 1, 2001, payable in various principal annual installments through July 1, 2023, interest payable semi-annually at 4.627% 3,155,000

Total General Obligation Bonds \$ 16,902,756

Accrued compensated absences \$ 251,383

Landfill closure \$ 447,523

Total governmental fund long-term obligations \$ 45,826,878

Total Primary Government \$ 47,416,260

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

Note 10—Long-Term Debt: (Continued)

Component Unit School Board:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within OneYear
Compensated absences payable	\$ 375,878	\$ 65,782	\$ 141,847	\$ 299,813	\$ 29,981
Ameresco Performance Contract	1,493,333	-	44,183	1,449,150	49,639
Capital lease	55,329	-	55,329	-	-
<b>Total</b>	<b>\$ 1,924,540</b>	<b>\$ 65,782</b>	<b>\$ 241,359</b>	<b>\$ 1,748,963</b>	<b>\$ 79,620</b>

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

Year Ending June 30,	Ameresco Performance Contract	
	Principal	Interest
2010	\$ 49,639	\$ 70,284
2011	55,455	67,876
2012	61,651	65,187
2013	68,249	62,197
2014	75,271	58,887
2015	82,742	55,236
2016	90,685	51,223
2017	99,127	46,825
2018	108,096	42,017
2019	117,620	36,774
2020	127,730	31,070
2021	138,458	24,875
2022	149,838	18,160
2023	161,905	10,893
2024	62,684	3,040
<b>Total</b>	<b>\$ 1,449,150</b>	<b>\$ 644,544</b>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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**Note 10—Long-Term Debt: (Continued)**

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**Component Unit School Board: (Continued)**

Details of long-term obligations are as follows:

Ameresco performance contract lease, payable in various annual installments through June 2024. Interest payable at 4.85%. The total cost of the building was \$1,621,471.	\$ 1,449,150
Compensated absences	<u>299,813</u>
Total long-term obligations	<u>\$ 1,748,963</u>

**Note 11—Landfill Closure and Postclosure Care Cost:**

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State and federal laws and regulations require the County to place a final cover on its landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites after closure. The County will also incur the estimated total closure and postclosure cost of \$447,523 over the next eight years.

All amounts recognized are based on what it would cost to perform all closure and postclosure care at year-end. Actual cost may be higher due to inflation.

If these estimates are inadequate or additional postclosure requirements are determined (due to changes in technology or regulations, for example), these cost may need to be covered by charges to future landfill users or taxpayers.

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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### Note 12—Defined Benefit Pension Plan:

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#### A. Plan Description

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

The County and School Board contribute to the Virginia Retirement System (VRS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7% of their average final compensation (AFC) for each year of credited service, (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23216-2500.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be and has been assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employees contribution rates for the fiscal year ended 2009 were 7.42% and 5.67% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$658,185, \$787,282, and \$695,730 to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008 and 2007, respectively and these contributions represented 8.81%, 10.30% and 9.20%, respectively, of current covered payroll.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2009, the County’s annual pension cost of \$217,522 was equal to the County’s required and actual contributions.

Three-Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 217,522	100%	\$ -
June 30, 2008	145,260	100%	
June 30, 2007	136,718	100%	-

For fiscal year 2009, the County School Board’s annual pension cost for the Board’s non-professional employees was \$42,009 which was equal to the Board’s required and actual contributions.

Three-Year Trend Information - County School Board Non-Professional			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 42,009	100%	\$ -
June 30, 2008	33,506	100%	\$ -
June 30, 2007	32,668	100%	-

(1) Employer portion

The required contribution was determined as a part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.6% for general government and 3.5% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.5% per year. Both (the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s and the County School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s and the County School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 is 20 years.

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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### Note 12—Defined Benefit Pension Plan: (Continued)

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#### D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the County's plan was 89.55% funded. The actuarial accrued liability for benefits was \$7,929,576, and the actuarial value of assets was \$7,101,110, resulting in an unfunded actuarial accrued liability (UAAL) of \$828,446. The covered payroll (annual payroll of active employees covered by the plan) was \$2,823,959 and ratio of the UAAL to the covered payroll was 29.34%.

As of June 30, 2008 the most recent actuarial valuation date, the County School Board's plan was 109.81% funded. The actuarial accrued liability for benefits was \$1,929,908, and the actuarial value of assets was \$2,119,309 resulting in an unfunded actuarial accrued liability (UAAL) of (\$189,401). The covered payroll (annual payroll of active employees covered by the plan) was \$760,308, and ratio of UAAL to the covered payroll was (24.91%).

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

### Note 13—Risk Management:

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

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

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

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

### Note 14—Litigation:

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At June 30, 2009, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2009 (Continued)

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**Note 15—Surety Bond Information:**

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Carol Ownby, Clerk of the Circuit Court	\$ 25,000
L.O. Pfeiffer, Jr., Treasurer	300,000
Anita French, Commissioner of the Revenue	3,000
Darrell Hodges, Sheriff	30,000
All Treasurer's office employees - blanket bond	50,000
Jim Thornton, Superintendent of Schools	10,000
Clerk of the School Board	10,000
Board of Supervisors	10,000

**Note 16—Contingent Liabilities:**

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Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

**Note 17—Post Employment Benefits Other Than Pensions:**

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The Government offers post-employment medical coverage to its retired employees, however has no employees enrolled in the program. The Government has elected not to obtain an actuarial valuation to determine liability for this benefit in accordance with the financial reporting requirements of GASB45 and believes there is no material affect on the County's financial position.

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**Required Supplementary Information**

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Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual -- General Fund  
 Year Ended June 30, 2009

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
<b>Revenues:</b>				
General property taxes	\$ 6,350,740	\$ 6,350,740	\$ 6,795,668	\$ 444,928
Other local taxes	1,511,600	1,511,600	1,321,181	(190,419)
Permits, privilege fees and regulatory licenses	77,700	77,700	67,754	(9,946)
Fines and forfeitures	42,000	42,000	78,229	36,229
Revenue from use of money and property	88,000	88,000	99,832	11,832
Charges for services	1,914,660	1,926,364	78,640	(1,847,724)
Miscellaneous	1,449,108	1,479,159	110,951	(1,368,208)
<b>Intergovernmental:</b>				
County contribution from IDA	9,800	9,800	6,227	(3,573)
School Board contribution to County	-	-	249,451	249,451
Commonwealth	2,751,230	2,836,974	2,807,691	(29,283)
Federal	832,012	935,424	573,105	(362,319)
<b>Total revenues</b>	<b>\$ 15,026,850</b>	<b>\$ 15,257,761</b>	<b>\$ 12,188,729</b>	<b>\$ (3,069,032)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 1,547,862	\$ 1,466,531	\$ 1,454,880	\$ 11,651
Judicial administration	350,389	348,257	344,985	3,272
Public safety	2,067,005	2,154,258	2,158,796	(4,538)
Public works	1,091,066	1,151,508	1,134,709	16,799
Health and welfare	2,448,820	2,577,113	2,071,123	505,990
Education	4,235,832	4,259,832	4,188,034	71,798
Parks, recreation, and cultural	196,861	194,111	185,889	8,222
Community development	537,206	549,588	486,030	63,558
Nondepartmental	55,500	5,524	3,750	1,774
<b>Debt service:</b>				
Principal retirement	1,344,166	1,344,166	1,032,057	312,109
Interest and other fiscal charges	1,204,093	1,331,093	1,857,280	(526,187)
<b>Total expenditures</b>	<b>\$ 15,078,800</b>	<b>\$ 15,381,981</b>	<b>\$ 14,917,533</b>	<b>\$ 464,448</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (51,950)</b>	<b>\$ (124,220)</b>	<b>\$ (2,728,804)</b>	<b>\$ (2,604,584)</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ -	\$ 646,033	\$ 646,033
Transfers (out)	-	-	(106,820)	(106,820)
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 539,213</b>	<b>\$ 539,213</b>
<b>Net change in fund balance</b>	<b>\$ (51,950)</b>	<b>\$ (124,220)</b>	<b>\$ (2,189,591)</b>	<b>\$ (2,065,371)</b>
<b>Fund balance at beginning of year</b>	<b>51,950</b>	<b>124,220</b>	<b>4,716,342</b>	<b>4,592,122</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,526,751</b>	<b>\$ 2,526,751</b>

Schedule of Pension Funding Progress for the Virginia Retirement System  
Last Three Fiscal Years

County:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2008	\$ 7,101,110	\$ 7,929,576	\$ 828,466	89.55%	\$ 2,823,959	29.34%
6/30/2007	6,316,618	6,682,390	365,772	94.53%	2,724,782	13.42%
6/30/2006	5,541,173	6,156,342	615,169	90.01%	2,385,873	25.78%

School Board Non-Professional:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2008	\$ 2,119,309	\$ 1,929,908	\$ (189,401)	109.81%	\$ 760,308	(24.91%)
6/30/2007	1,928,527	1,798,557	(129,970)	107.23%	794,442	(16.36%)
6/30/2006	1,732,461	1,634,092	(98,369)	106.02%	676,621	(14.54%)

**Other Supplementary Information**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual -- Capital Projects Funds  
 Year Ended June 30, 2009

	County Capital Projects Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 57,674	\$ 57,674
Miscellaneous	-	-	650	650
Intergovernmental:				
Commonwealth	-	-	168,820	168,820
Federal	-	-	450,000	450,000
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 677,144</b>	<b>\$ 677,144</b>
Expenditures:				
Current:				
General government administration	\$ 184,500	\$ 184,500	\$ 70,384	\$ 114,116
Judicial administration	-	-	-	-
Public safety	155,000	155,000	162,719	(7,719)
Public works	750,000	750,000	26,321	723,679
Education	-	3,705,224	4,151,355	(446,131)
Parks, recreation, and cultural	196,861	194,111	-	194,111
Community development	644,738	644,738	396,549	248,189
Debt service:				
Interest and other fiscal charges	-	287,570	287,570	-
<b>Total expenditures</b>	<b>\$ 1,931,099</b>	<b>\$ 5,921,143</b>	<b>\$ 5,094,898</b>	<b>\$ 826,245</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,931,099)	\$ (5,921,143)	\$ (4,417,754)	\$ 1,503,389
Other financing sources (uses):				
Transfers in	\$ 613,100	\$ 430,078	\$ 106,820	\$ (323,258)
Retirement of VACO / VML note	-	-	(20,200,000)	(20,200,000)
Issuance of long-term debt	1,317,999	5,491,065	25,768,344	20,277,279
Transfers (out)	-	-	(710,254)	(710,254)
<b>Total other financing sources (uses)</b>	<b>\$ 1,931,099</b>	<b>\$ 5,921,143</b>	<b>\$ 4,964,910</b>	<b>\$ (956,233)</b>
Net change in fund balances	\$ -	\$ -	\$ 547,156	\$ 547,156
Fund balance at beginning of year	-	-	396,093	396,093
Fund balance at end of year	\$ -	\$ -	\$ 943,249	\$ 943,249

Combining Statement of Fiduciary Net Assets -  
 Agency Funds  
 At June 30, 2009

	<u>Agency Funds</u>		<u>Totals</u>
	<u>Special Welfare Fund</u>	<u>Sheriff's Forfeiture Fund</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,022	\$ 118,764	\$ 135,786
Total assets	<u>\$ 17,022</u>	<u>\$ 118,764</u>	<u>\$ 135,786</u>
<b>LIABILITIES</b>			
Amounts held for sheriff	\$ -	\$ 118,764	\$ 118,764
Amounts held for social services clients	17,022	-	17,022
Amounts held for landfill	-	-	-
Total liabilities	<u>\$ 17,022</u>	<u>\$ 118,764</u>	<u>\$ 135,786</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 19,751	\$ 21,698	\$ 24,427	\$ 17,022
<b>Liabilities:</b>				
Amounts held for social service clients	\$ 19,751	\$ 21,698	\$ 24,427	\$ 17,022
<b>Sheriff's Forfeiture Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 155,143	\$ 2,611	\$ 38,990	\$ 118,764
<b>Liabilities:</b>				
Amounts held for sheriff	\$ 155,143	\$ 2,611	\$ 38,990	\$ 118,764
<b>Landfill Escrow Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 63,227	\$ 310	\$ 63,537	\$ -
<b>Liabilities:</b>				
Amounts held for landfill	\$ 63,227	\$ 310	\$ 63,537	\$ -
<b>Totals -- All agency funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 238,121	\$ 24,619	\$ 126,954	\$ 135,786
<b>Liabilities:</b>				
Amounts held for social service clients	\$ 19,751	\$ 21,698	\$ 24,427	\$ 17,022
Amounts held for sheriff	155,143	2,611	38,990	118,764
Amounts held for landfill	63,227	310	63,537	-
<b>Total liabilities</b>	<b>\$ 238,121</b>	<b>\$ 24,619</b>	<b>\$ 126,954</b>	<b>\$ 135,786</b>

**Discretely Presented Component Unit–School Board**

Combining Balance Sheet -  
Discretely Presented Component Unit - School Board  
At June 30, 2009

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 726,264	\$ 62,168	\$ 788,432
Receivables (Net of allowance (for uncollectibles): Due from other governmental units	<u>393,149</u>	<u>-</u>	<u>393,149</u>
Total assets	<u>\$ 1,119,413</u>	<u>\$ 62,168</u>	<u>\$ 1,181,581</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 103,910	\$ -	\$ 103,910
Accrued liabilities	726,264	-	726,264
Due to primary government	<u>289,239</u>	<u>-</u>	<u>289,239</u>
Total liabilities	<u>\$ 1,119,413</u>	<u>\$ -</u>	<u>\$ 1,119,413</u>
<b>FUND BALANCES</b>			
Unreserved:			
Designated:			
Designated for subsequent expenditures	\$ -	\$ 62,168	\$ 62,168
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ -</u>	<u>\$ 62,168</u>	<u>\$ 62,168</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the School Board as a whole.

8,598,087

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.

(1,748,963)

Net assets of General Government Activities

\$ 6,911,292

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2009

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
<b>Revenues:</b>			
Charges for services	\$ -	\$ 260,831	\$ 260,831
Miscellaneous	502,866	3,247	506,113
<b>Intergovernmental:</b>			
County contribution to School Board	4,185,534	-	4,185,534
Commonwealth	10,712,019	-	10,712,019
Federal	2,337,624	-	2,337,624
<b>Total revenues</b>	<u>\$ 17,738,043</u>	<u>\$ 264,078</u>	<u>\$ 18,002,121</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Education	\$ 16,989,095	\$ 776,924	\$ 17,766,019
Contribution to Primary Government	249,451	-	249,451
<b>Total expenditures</b>	<u>\$ 17,238,546</u>	<u>\$ 776,924</u>	<u>\$ 18,015,470</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 499,497</u>	<u>\$ (512,846)</u>	<u>\$ (13,349)</u>
<b>Other financing sources (uses):</b>			
Transfers in	\$ -	\$ 499,497	\$ 499,497
Transfers (out)	(499,497)	-	(499,497)
<b>Total other financing sources (uses)</b>	<u>\$ (499,497)</u>	<u>\$ 499,497</u>	<u>\$ -</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ (13,349)</u>	<u>\$ (13,349)</u>
<b>Fund balance at beginning of year</b>	<u>-</u>	<u>75,517</u>	<u>75,517</u>
<b>Fund balance at end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 62,168</u></u>	<u><u>\$ 62,168</u></u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual -  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2009

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	399,568	502,866	103,298
Intergovernmental:				
County contribution to School Board	4,233,332	4,257,332	4,185,534	(71,798)
Commonwealth	10,456,933	10,706,384	10,712,019	5,635
Federal	2,148,555	2,348,555	2,337,624	(10,931)
Total revenues	<u>\$ 16,838,820</u>	<u>\$ 17,711,839</u>	<u>\$ 17,738,043</u>	<u>\$ 26,204</u>
Expenditures:				
Current:				
Education	\$ 16,838,820	\$ 17,051,723	\$ 16,989,095	\$ 62,628
Contribution to Primary Government	-	249,451	249,451	-
Total expenditures	<u>\$ 16,838,820</u>	<u>\$ 17,301,174</u>	<u>\$ 17,238,546</u>	<u>\$ 62,628</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 410,665	\$ 499,497	\$ (36,424)
Other financing sources (uses):				
Transfers (out)	-	(410,665)	(499,497)	(88,832)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
To the Statement of Activities -  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2009

	<u>Component Unit School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (13,349)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	
Depreciation expense	(873,573)
Transfer of joint tenancy assets from Primary Government to the Component Unit	2,185,178
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal retired on capital lease	\$ 55,329
Change in accrued leave	76,065
Principal retired on performance contract	<u>44,183</u> 175,577
Change in net assets of governmental activities	<u>\$ 1,473,833</u>

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**Discretely Presented Component Unit  
-Industrial Development Authority-**

Statement of Net Assets -  
 Discretely Presented Component Unit - Industrial Development Authority  
 At June 30, 2009

ASSETS	Discretely Presented Component Unit - IDA
Note receivable	\$ <u>244,444</u>
Total	\$ <u><u>244,444</u></u>
LIABILITIES	
Due to primary government	\$ <u>244,444</u>
Total liabilities	\$ <u><u>244,444</u></u>

Statement of Revenues, Expenses and Changes in Fund Net Assets -  
 Discretely Presented Component Unit - Industrial Development Authority  
 Year Ended June 30, 2009

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	<u>Discretely Presented Component Unit - IDA</u>
Non-operating revenues (expenses):	
Interest income	\$ 6,227
Contribution to County of Cumberland	<u>(6,227)</u>
Total nonoperating revenues (expenses)	\$ <u>-</u>
Increase (decrease) in net assets	\$ -
Net assets at beginning of year	<u>-</u>
Net assets at end of year	<u><u>\$ -</u></u>

Statement of Cash Flows -  
 Discretely Presented Component Unit - Industrial Development Authority  
 Year Ended June 30, 2009

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	<u>Discretely Presented Component Unit - IDA</u>
Cash Flows from Noncapital Financing Activities:	
Contribution to County of Cumberland	\$ <u>(6,227)</u>
Net cash provided by (used in) operating activities	\$ <u>(6,227)</u>
Cash flows from capital and related financing activities:	
Note repayment	\$ 66,667
Retirement of due to primary government	<u>(66,667)</u>
Net cash provided by (used in) capital and related financing activities	\$ <u>-</u>
Cash flows from investing activities:	
Investment interest earned	\$ <u>6,227</u>
Net cash provided by (used in) investing activities	\$ <u>6,227</u>
Increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u><u>-</u></u>

## **Supporting Schedules**

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,190,000	\$ 4,190,000	\$ 4,418,236	\$ 228,236
Real and personal public service corporation property taxes	380,000	380,000	330,738	(49,262)
Personal property taxes	1,465,740	1,465,740	1,709,508	243,768
Mobile Homes	45,000	45,000	48,262	3,262
Airplane taxes	7,000	7,000	8,092	1,092
Machinery and tools taxes	66,000	66,000	80,868	14,868
Penalties	118,000	118,000	87,339	(30,661)
Interest	79,000	79,000	112,625	33,625
<b>Total general property taxes</b>	<b>\$ 6,350,740</b>	<b>\$ 6,350,740</b>	<b>\$ 6,795,668</b>	<b>\$ 444,928</b>
Other local taxes:				
Local sales and use taxes	\$ 440,000	\$ 440,000	\$ 348,032	\$ (91,968)
Communication taxes	421,000	421,000	398,982	(22,018)
Consumers' utility taxes	162,000	162,000	169,293	7,293
Business license taxes	111,000	111,000	107,226	(3,774)
Bank franchise tax	25,000	25,000	26,654	1,654
Motor vehicle licenses	205,000	205,000	216,139	11,139
Taxes on recordation and wills	81,800	81,800	53,821	(27,979)
E-911 taxes	65,800	65,800	1,034	(64,766)
<b>Total other local taxes</b>	<b>\$ 1,511,600</b>	<b>\$ 1,511,600</b>	<b>\$ 1,321,181</b>	<b>\$ (190,419)</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,800	\$ 7,800	\$ 9,044	\$ 1,244
Building and related permits	64,000	64,000	56,057	(7,943)
Transfer fees	400	400	380	(20)
Land use application fees	500	500	973	473
Zoning fees	5,000	5,000	1,300	(3,700)
<b>Total permits, privilege fees and regulatory licenses</b>	<b>\$ 77,700</b>	<b>\$ 77,700</b>	<b>\$ 67,754</b>	<b>\$ (9,946)</b>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 42,000	\$ 42,000	\$ 78,229	\$ 36,229
<b>Total fines and forfeitures</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 78,229</b>	<b>\$ 36,229</b>

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 85,000	\$ 85,000	\$ 72,380	\$ (12,620)
Revenue from use of property	3,000	3,000	27,452	24,452
Total revenue from use of money and property	<u>\$ 88,000</u>	<u>\$ 88,000</u>	<u>\$ 99,832</u>	<u>\$ 11,832</u>
Charges for services:				
Sheriff's fees	\$ 360	\$ 360	\$ 360	-
Commonwealth attorney fees	200	200	200	-
Landfill host agreement fees	1,840,500	1,840,500	655	(1,839,845)
Courthouse maintenance fees	3,000	12,860	7,094	(5,766)
Law library fees	1,000	1,234	1,196	(38)
Other charges for services	69,600	71,210	69,135	(2,075)
Total charges for services	<u>\$ 1,914,660</u>	<u>\$ 1,926,364</u>	<u>\$ 78,640</u>	<u>\$ (1,847,724)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 1,449,108	\$ 1,479,159	\$ 110,951	\$ (1,368,208)
Total miscellaneous revenue	<u>\$ 1,449,108</u>	<u>\$ 1,479,159</u>	<u>\$ 110,951</u>	<u>\$ (1,368,208)</u>
Total revenue from local sources	<u>\$ 11,433,808</u>	<u>\$ 11,475,563</u>	<u>\$ 8,552,255</u>	<u>\$ (2,923,308)</u>
Intergovernmental revenue:				
IDA contribution to County	\$ 9,800	\$ 9,800	\$ 6,227	\$ (3,573)
School Board contribution to County	-	-	249,451	249,451
Total intergovernmental revenue	<u>\$ 9,800</u>	<u>\$ 9,800</u>	<u>\$ 255,678</u>	<u>\$ 245,878</u>
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 60,000	\$ 60,000	-	\$ (60,000)
Noncategorical aid:				
ABC profits	\$ 5,000	\$ 5,000	-	\$ (5,000)
Wine taxes	5,000	5,000	-	(5,000)
Rental tax - DMV	500	500	509	9
Mobile home titling taxes	16,000	16,000	24,719	8,719
Tax on deeds	17,000	17,000	11,709	(5,291)
PPTRA	871,700	871,700	871,736	36
Recordation tax	16,000	16,000	19,601	3,601
Total noncategorical aid	<u>\$ 931,200</u>	<u>\$ 931,200</u>	<u>\$ 928,274</u>	<u>\$ (2,926)</u>

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 71,113	\$ 71,113	\$ 69,743	\$ (1,370)
Sheriff	573,537	573,537	557,911	(15,626)
Commissioner of the Revenue	84,990	84,990	85,623	633
Treasurer	98,576	98,576	101,548	2,972
Medical examiner	180	180	-	(180)
Registrar/electoral board	35,133	35,133	35,188	55
DMV	-	-	10,003	10,003
Clerk of the Circuit Court	125,169	143,429	136,457	(6,972)
Total shared expenses	<u>\$ 988,698</u>	<u>\$ 1,006,958</u>	<u>\$ 996,473</u>	<u>\$ (10,485)</u>
Other categorical aid:				
Law enforcement block grant	\$ -	\$ -	\$ 2,564	\$ 2,564
Litter Control	6,508	12,845	6,338	(6,507)
Records preservation grant	-	9,596	13,676	4,080
Emergency medical services	-	10,018	10,018	-
Biosolids monitor reimbursement	1,000	1,000	528	(472)
E-911	-	-	56,313	56,313
Comprehensive Services Act	666,667	666,667	445,881	(220,786)
Other categorical aid	-	229	65	(164)
Public assistance and welfare	97,157	138,461	347,561	209,100
Total other categorical aid	<u>\$ 771,332</u>	<u>\$ 838,816</u>	<u>\$ 882,944</u>	<u>\$ 44,128</u>
Total categorical aid	<u>\$ 1,760,030</u>	<u>\$ 1,845,774</u>	<u>\$ 1,879,417</u>	<u>\$ 33,643</u>
Total revenue from the Commonwealth	<u>\$ 2,751,230</u>	<u>\$ 2,836,974</u>	<u>\$ 2,807,691</u>	<u>\$ (29,283)</u>
Revenue from the Federal Government:				
Categorical aid:				
Public assistance and welfare	\$ 832,012	\$ 935,424	\$ 568,947	\$ (366,477)
Highway safety grant	-	-	4,158	4,158
Total categorical aid	<u>\$ 832,012</u>	<u>\$ 935,424</u>	<u>\$ 573,105</u>	<u>\$ (362,319)</u>
Total revenue from the Federal Government	<u>\$ 832,012</u>	<u>\$ 935,424</u>	<u>\$ 573,105</u>	<u>\$ (362,319)</u>
Total General Fund	<u>\$ 15,026,850</u>	<u>\$ 15,257,761</u>	<u>\$ 12,188,729</u>	<u>\$ (3,318,483)</u>

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 57,674	\$ 57,674
Miscellaneous revenue:				
Miscellaneous	-	-	650	650
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,324</u>	<u>\$ 58,324</u>
Revenue from the Commonwealth:				
Tobacco Indemnification & Revitalization Grant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,820</u>	<u>\$ 168,820</u>
Revenue from the Federal Government:				
Categorical aid:				
Rural development grant	\$ -	\$ -	\$ 50,000	\$ 50,000
Emergency management grant	-	-	400,000	400,000
Total revenue from the Federal Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677,144</u>	<u>\$ 677,144</u>
Grand Total Revenues -- Primary Government	<u>\$ 15,026,850</u>	<u>\$ 15,257,761</u>	<u>\$ 12,865,873</u>	<u>\$ (2,641,339)</u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 399,568	\$ 502,866	\$ 103,298
Total miscellaneous	<u>\$ -</u>	<u>\$ 399,568</u>	<u>\$ 502,866</u>	<u>\$ 103,298</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 399,568</u>	<u>\$ 502,866</u>	<u>\$ 103,298</u>
Intergovernmental revenue:				
County contribution to School Board	<u>\$ 4,233,332</u>	<u>\$ 4,257,332</u>	<u>\$ 4,185,534</u>	<u>\$ (71,798)</u>

Governmental Funds and Discretely Presented Component Units  
Statement of Revenues -- Budget and Actual  
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ -	\$ -	\$ 1,337,290	\$ 1,337,290
Basic school aid	-	-	5,989,259	5,989,259
Reduced K-3	-	-	213,173	213,173
Special ed SOQ	-	-	829,465	829,465
Remedial education	-	-	214,332	214,332
Technology	-	-	128,000	128,000
Lottery	-	-	212,864	212,864
School construction	-	-	122,066	122,066
Social security	-	-	298,993	298,993
Teacher retirement	-	-	385,798	385,798
At risk	-	-	259,030	232,271
At risk four year olds	-	-	208,652	208,652
Project graduation	-	-	50,461	50,461
Remedial summer school	-	-	142,475	142,475
Other state funds	<u>10,456,933</u>	<u>10,706,384</u>	<u>320,161</u>	<u>(10,386,223)</u>
Total categorical aid	<u>\$ 10,456,933</u>	<u>\$ 10,706,384</u>	<u>\$ 10,712,019</u>	<u>\$ (21,124)</u>
Total revenue from the Commonwealth	<u>\$ 10,456,933</u>	<u>\$ 10,706,384</u>	<u>\$ 10,712,019</u>	<u>\$ (21,124)</u>
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ -	\$ -	\$ 172,831	\$ 172,831
Title I	-	-	423,910	423,910
Title VI-B -- Special Education	-	-	316,340	316,340
School food	-	-	518,447	518,447
ROTC	-	-	66,983	66,983
Reading first	-	-	163,784	163,784
21st century grant	-	200,000	502,893	302,893
Other federal funds	<u>2,148,555</u>	<u>2,148,555</u>	<u>172,436</u>	<u>(1,976,119)</u>
Total categorical aid	<u>\$ 2,148,555</u>	<u>\$ 2,348,555</u>	<u>\$ 2,337,624</u>	<u>\$ (10,931)</u>
Total revenue from the federal government	<u>\$ 2,148,555</u>	<u>\$ 2,348,555</u>	<u>\$ 2,337,624</u>	<u>\$ (10,931)</u>
Total School Operating Fund	<u>\$ 16,838,820</u>	<u>\$ 17,711,839</u>	<u>\$ 17,738,043</u>	<u>\$ (555)</u>

Governmental Funds and Discretely Presented Component Units  
Statement of Revenues -- Budget and Actual  
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 260,831	\$ 260,831
Total charges for services	\$ -	\$ -	\$ 260,831	\$ 260,831
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 3,247	\$ 3,247
Total miscellaneous	\$ -	\$ -	\$ 3,247	\$ 3,247
Total revenue from local sources	\$ -	\$ -	\$ 264,078	\$ 264,380
Total School Cafeteria Fund	\$ -	\$ -	\$ 264,078	\$ 264,380
Grand Total Revenues -- Component Unit -- School Board	\$ 16,838,820	\$ 17,711,839	\$ 18,002,121	\$ 263,825
Grand Total Revenues -- Reporting Entity	\$ 31,865,670	\$ 32,969,600	\$ 30,867,994	\$ (2,377,514)

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2009

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 75,087	\$ 65,463	\$ 65,411	\$ 52
General and financial administration:				
County administrator	\$ 171,487	\$ 160,106	\$ 160,031	\$ 75
Legal services	210,000	240,000	239,120	880
Independent Auditor	30,000	31,700	31,679	21
Commissioner of the revenue	233,018	220,198	220,155	43
Assessor	110,700	50,700	50,662	38
Equalization board	-	300	300	-
Treasurer	267,691	264,310	263,356	954
Accounting	189,251	185,676	185,171	505
Grant writing/Administration	-	9,300	9,245	55
Data Processing	173,665	151,815	151,766	49
Total general and financial administration	\$ 1,385,812	\$ 1,314,105	\$ 1,311,485	\$ 2,620
Board of Elections:				
Electoral board and officials	\$ 18,265	\$ 20,265	\$ 20,174	\$ 91
Registrar	68,698	66,698	57,810	8,888
Total board of elections	\$ 86,963	\$ 86,963	\$ 77,984	\$ 8,979
Total general government administration	\$ 1,547,862	\$ 1,466,531	\$ 1,454,880	\$ 11,651
Judicial administration:				
Courts:				
Circuit court	\$ 15,410	\$ 15,410	\$ 14,142	\$ 1,268
General district court	3,845	11,045	11,023	22
Special magistrates	6,998	6,926	6,071	855
Law library	1,000	1,234	1,233	1
Clerk of the circuit court	203,134	214,317	213,975	342
Total courts	\$ 230,387	\$ 248,932	\$ 246,444	\$ 2,488
Commonwealth's attorney:				
Commonwealth's attorney	\$ 120,002	\$ 99,325	\$ 98,541	\$ 784
Total judicial administration	\$ 350,389	\$ 348,257	\$ 344,985	\$ 3,272

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2009

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,416,473	\$ 1,544,288	\$ 1,563,629	\$ (19,341)
School resource officer	39,029	41,129	41,046	83
Total law enforcement and traffic control	\$ 1,455,502	\$ 1,585,417	\$ 1,604,675	\$ (19,258)
Fire and rescue services:				
Volunteer fire department	\$ 65,725	\$ 65,725	\$ 80,733	\$ (15,008)
Ambulance and rescue service	73,020	82,036	82,036	-
E-911	86,400	86,400	63,775	22,625
Emergency services	9,850	12,986	12,926	60
Med-flight program	8,940	8,940	8,139	801
Odemsa	-	1,002	1,002	-
Total fire and rescue services	\$ 243,935	\$ 257,089	\$ 248,611	\$ 8,478
Correction and detention:				
Probation office	\$ 1,926	\$ 1,981	\$ 1,978	\$ 3
Corrections and detention	30,000	20,229	19,566	663
Total correction and detention	\$ 31,926	\$ 22,210	\$ 21,544	\$ 666
Inspections:				
Building	\$ 161,067	\$ 105,767	\$ 105,404	\$ 363
Total inspections	\$ 161,067	\$ 105,767	\$ 105,404	\$ 363
Other protection:				
Animal control	\$ 136,070	\$ 134,670	\$ 129,493	\$ 5,177
Randolph community center	38,505	49,105	49,009	96
Medical examiner (coroner)	-	-	60	(60)
Total other protection	\$ 174,575	\$ 183,775	\$ 178,562	\$ 5,213
Total public safety	\$ 2,067,005	\$ 2,154,258	\$ 2,158,796	\$ (4,538)
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 544,657	\$ 563,457	\$ 563,411	\$ 46
Landfill	1,500	1,500	560	940
Litter grant	-	6,337	28	6,309
Recycling	29,000	29,000	19,585	9,415
Total sanitation and waste removal	\$ 575,157	\$ 600,294	\$ 583,584	\$ 16,710

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2009

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 512,909	\$ 538,354	\$ 538,266	\$ 88
Courthouse maintenance	3,000	12,860	12,859	1
Total maintenance of general buildings and grounds	<u>\$ 515,909</u>	<u>\$ 551,214</u>	<u>\$ 551,125</u>	<u>\$ 89</u>
Total public works	<u>\$ 1,091,066</u>	<u>\$ 1,151,508</u>	<u>\$ 1,134,709</u>	<u>\$ 16,799</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 106,437	\$ 84,537	\$ 84,532	\$ 5
Hospital and other health organizations	2,736	7,450	7,449	1
Total health	<u>\$ 109,173</u>	<u>\$ 91,987</u>	<u>\$ 91,981</u>	<u>\$ 6</u>
Mental health and mental retardation:				
Chapter X board	\$ 28,840	\$ 28,840	\$ 28,840	\$ -
Hospitalization - inpatient	1,341	1,461	1,458	3
Total mental health and mental retardation	<u>\$ 30,181</u>	<u>\$ 30,301</u>	<u>\$ 30,298</u>	<u>\$ 3</u>
Welfare:				
Welfare administration & public assistance	\$ 1,243,319	\$ 1,389,646	\$ 1,157,808	\$ 231,838
CSA - at risk youth	1,066,147	1,065,179	791,036	274,143
Total welfare	<u>\$ 2,309,466</u>	<u>\$ 2,454,825</u>	<u>\$ 1,948,844</u>	<u>\$ 505,981</u>
Total health and welfare	<u>\$ 2,448,820</u>	<u>\$ 2,577,113</u>	<u>\$ 2,071,123</u>	<u>\$ 505,990</u>
Education:				
Contributions to community colleges	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Contributions to school board component unit	4,233,332	4,257,332	4,185,534	71,798
Total education	<u>\$ 4,235,832</u>	<u>\$ 4,259,832</u>	<u>\$ 4,188,034</u>	<u>\$ 71,798</u>
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 75,561	\$ 72,811	\$ 63,397	\$ 9,414
Library:				
Local library	\$ 118,800	\$ 118,800	\$ 119,992	\$ (1,192)
Tri-county life learners	2,500	2,500	2,500	-
Total parks, recreation and cultural	<u>\$ 196,861</u>	<u>\$ 194,111</u>	<u>\$ 185,889</u>	<u>\$ 8,222</u>

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2009

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 144,775	\$ 133,506	\$ 123,059	\$ 10,447
Economic development	181,025	205,869	184,985	20,884
Other community development	154,729	154,136	125,506	28,630
Total planning and community development	<u>\$ 480,529</u>	<u>\$ 493,511</u>	<u>\$ 433,550</u>	<u>\$ 59,961</u>
Environmental management:				
Cooperative extension program	\$ 47,177	\$ 46,577	\$ 42,980	\$ 3,597
Soil and water conservation district	9,500	9,500	9,500	-
Total environmental management	<u>\$ 56,677</u>	<u>\$ 56,077</u>	<u>\$ 52,480</u>	<u>\$ 3,597</u>
Total community development	<u>\$ 537,206</u>	<u>\$ 549,588</u>	<u>\$ 486,030</u>	<u>\$ 63,558</u>
Nondepartmental:				
Miscellaneous	\$ 55,500	\$ 5,524	\$ 3,750	\$ 1,774
Total nondepartmental	<u>\$ 55,500</u>	<u>\$ 5,524</u>	<u>\$ 3,750</u>	<u>\$ 1,774</u>
Debt service: county				
Principal retirement	\$ 1,199,166	\$ 1,199,166	\$ 887,057	\$ 312,109
Interest and fiscal charges	1,204,093	1,331,093	1,710,661	(379,568)
Total county debt service	<u>\$ 2,403,259</u>	<u>\$ 2,530,259</u>	<u>\$ 2,597,718</u>	<u>\$ (67,459)</u>
Debt service: schools				
Principal retirement	\$ 145,000	\$ 145,000	\$ 145,000	-
Interest and fiscal charges	149,119	149,119	146,619	2,500
Total schools debt service	<u>\$ 294,119</u>	<u>\$ 294,119</u>	<u>\$ 291,619</u>	<u>\$ 2,500</u>
Total debt service	<u>\$ 2,697,378</u>	<u>\$ 2,824,378</u>	<u>\$ 2,889,337</u>	<u>\$ (64,959)</u>
Total General Fund	<u><u>\$ 15,227,919</u></u>	<u><u>\$ 15,531,100</u></u>	<u><u>\$ 14,917,533</u></u>	<u><u>\$ 613,567</u></u>
County Capital Projects Fund:				
Capital outlay / projects:				
General government	\$ 184,500	\$ 184,500	\$ 70,384	\$ 114,116
Public safety	155,000	155,000	162,719	(7,719)
Public works	750,000	750,000	26,321	723,679
Education	-	3,705,224	4,151,355	(446,131)
Community Development	644,738	644,738	396,549	248,189
Total capital outlay / projects	<u>\$ 1,734,238</u>	<u>\$ 5,439,462</u>	<u>\$ 4,807,328</u>	<u>\$ 632,134</u>

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2009

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
County Capital Projects Fund: (Continued)				
Debt service:				
Interest and other fiscal charges	\$ -	\$ 287,570	\$ 287,570	\$ -
Total County Capital Projects Fund	<u>\$ 1,734,238</u>	<u>\$ 5,727,032</u>	<u>\$ 5,094,898</u>	<u>\$ 632,134</u>
Grand Total Expenditures -- Primary Government	<u>\$ 16,962,157</u>	<u>\$ 21,258,132</u>	<u>\$ 20,012,431</u>	<u>\$ 1,245,701</u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 11,977,772	\$ 12,038,411	\$ 11,854,647	\$ 183,764
Administration, attendance and health	947,299	947,299	1,000,101	(52,802)
Pupil transportation services	1,536,638	1,536,638	1,648,200	(111,562)
Operation and maintenance services	1,572,476	1,724,740	1,670,522	54,218
Technology	804,635	804,635	815,625	(10,990)
Total education	<u>\$ 16,838,820</u>	<u>\$ 17,051,723</u>	<u>\$ 16,989,095</u>	<u>\$ 62,628</u>
Contribution to Primary Government	<u>-</u>	<u>249,451</u>	<u>249,451</u>	<u>-</u>
Total School Operating Fund	<u>\$ 16,838,820</u>	<u>\$ 17,051,723</u>	<u>\$ 16,989,095</u>	<u>\$ 62,628</u>
School Cafeteria Fund:				
Education:				
School food services	\$ 410,665	\$ 410,665	\$ 776,924	\$ (366,259)
Total School Cafeteria Fund	<u>\$ 410,665</u>	<u>\$ 410,665</u>	<u>\$ 776,924</u>	<u>\$ (366,259)</u>
Grand Total Expenditures--Component Unit-- School Board	<u>\$ 17,249,485</u>	<u>\$ 17,462,388</u>	<u>\$ 17,766,019</u>	<u>\$ (303,631)</u>
Grand Total Expenditures--Reporting Entity	<u>\$ 34,211,642</u>	<u>\$ 38,720,520</u>	<u>\$ 37,778,450</u>	<u>\$ 942,070</u>

## **Other Statistical Information**

COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-Wide Expenses by Function  
Last Eight Fiscal Years

Fiscal Year	General										Interest on Debt	Sewer	Water	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Capital Outlays	Non-Departmental				
2001-02	\$ 875,364	\$ 261,964	\$ 1,085,225	\$ 740,129	\$ 1,298,741	\$ 3,066,011	\$ 76,576	\$ 287,876	\$ 8,655	\$ 9,218	\$ 458,018	\$ 341,108	\$ -	\$ 8,508,885
2002-03	857,155	243,414	1,290,301	1,073,275	1,264,378	3,805,093	80,384	396,735	-	11,076	647,006	308,405	-	9,977,222
2003-04	899,116	362,692	1,477,936	1,091,085	1,689,982	3,386,603	85,220	315,800	-	-	476,705	300,358	-	10,085,497
2004-05	1,096,607	457,036	1,641,665	1,269,984	1,734,952	3,988,063	134,066	339,568	-	-	502,815	305,431	-	11,470,187
2005-06	1,188,315	440,444	1,868,176	1,819,805	2,352,514	5,143,204	137,816	398,233	-	-	482,102	339,978	7,487	14,178,074
2006-07	1,555,835	555,793	2,146,137	1,065,558	2,294,192	4,378,988	182,374	407,700	-	-	629,286	354,830	156,332	13,727,025
2007-08	1,438,611	440,064	2,516,490	1,136,599	2,109,789	6,778,573	188,984	1,337,794	-	-	1,099,526	472,481	220,262	17,739,173
2008-09	1,556,822	425,338	2,354,306	1,212,922	2,080,940	6,339,648	190,112	746,629	-	-	2,141,701	353,001	257,001	17,658,420

COUNTY OF CUMBERLAND, VIRGINIA

Table 2

Government-Wide Revenues  
Last Eight Fiscal Years

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous	
2001-02	\$ 283,785	\$ 1,818,722	\$ 32,715	\$ 4,914,614	\$ 1,005,701	\$ 1,524,290	\$ 144,212	\$ 58,252	\$ 9,782,291
2002-03	263,262	2,046,012	99,000	5,518,552	1,045,148	932,060	89,474	63,719	10,057,227
2003-04	306,531	2,508,421	207,106	5,661,302	1,152,551	915,702	181,238	44,019	10,976,870
2004-05	343,590	2,382,153	356,553	7,943,269	1,315,257	937,189	120,077	129,818	13,527,906
2005-06	625,911	2,864,407	559,575	6,193,617	1,401,158	971,950	239,714	132,403	12,988,735
2006-07	525,508	2,643,613	1,647,298	6,727,441	1,296,960	1,013,486	281,990	603,113	14,739,409
2007-08	863,686	2,847,017	3,575,280	6,671,011	1,370,255	987,713	562,769	47,495	16,925,226
2008-09	534,956	2,479,867	618,820	6,989,867	1,321,181	928,274	166,644	117,828	13,157,437

COUNTY OF CUMBERLAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property		Charges for Services	Miscellaneous	Inter-governmental	Recovered Costs	Total
	General Property Taxes	Other Local Taxes	Other Local Taxes	Other Local Taxes			Revenues from the Use of Money & Property	Revenues from the Use of Money & Property					
1999-00	\$ 4,002,402	\$ 869,826	\$ 54,000	\$ 7,796	\$ 170,676	\$ 174,972	\$ 95,532	\$ 8,716,582	\$ -	\$ 14,091,786			
2000-01	4,998,406	966,405	63,415	10,994	214,560	176,717	170,337	9,438,120	-	16,038,954			
2001-02	4,921,224	1,005,701	79,309	9,631	167,141	179,812	127,867	10,410,177	385,438	17,286,300			
2002-03	5,456,313	1,045,148	70,600	21,522	112,803	190,799	79,296	10,848,112	-	17,824,593			
2003-04	5,725,532	1,152,551	66,863	20,039	204,995	234,620	136,936	12,526,248	-	20,067,784			
2004-05	7,821,863	1,315,257	76,029	31,047	142,345	255,057	223,233	13,658,488	-	23,523,319			
2005-06	6,351,805	1,401,158	94,697	59,671	256,716	484,635	371,179	15,184,571	-	24,204,432			
2006-07	6,325,766	1,296,960	102,542	50,642	321,055	317,769	966,950	17,458,744	-	26,840,428			
2007-08	6,668,218	1,370,255	70,618	66,921	569,478	578,216	320,653	19,051,343	-	28,695,702			
2008-09	6,795,668	1,321,181	67,754	78,229	157,506	339,471	617,714	17,304,937	-	26,682,460			

(1) Includes General, Special Revenue Funds and Capital Project Funds of the Primary Government and the Discretely Presented Component Unit School Board.

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

General Government Expenditures by Function (1) (2)

Last Ten Fiscal Years

Fiscal Year	General Administration		Judicial Administration		Public Safety		Public Works		Health and Welfare		Education		Recreation and Cultural		Community Development		Debt Service		Total	
1998-99	\$	615,848	\$	222,547	\$	1,024,474	\$	552,937	\$	1,058,092	\$	8,326,606	\$	69,295	\$	452,673	\$	915,241	\$	13,237,713
1999-00	\$	643,884	\$	238,419	\$	1,005,130	\$	624,433	\$	1,038,851	\$	8,815,139	\$	71,279	\$	256,198	\$	1,008,428	\$	13,701,761
2000-01		681,654		300,828		1,072,757		639,451		1,064,668		9,661,514		83,362		252,532		850,059		14,606,825
2001-02		837,627		260,853		1,154,256		660,372		1,233,651		10,181,110		76,457		284,194		843,055		15,531,575
2002-03		787,871		242,303		1,180,821		728,799		1,257,693		11,260,072		80,265		277,083		938,873		16,753,780
2003-04		798,554		241,222		1,487,509		789,670		1,678,406		12,103,671		82,693		261,037		928,388		18,371,150
2004-05		1,087,395		376,717		1,613,412		1,299,385		1,722,374		14,092,912		131,539		339,317		1,045,773		21,708,824
2005-06		1,172,312		347,347		2,369,699		2,819,015		2,414,307		15,846,227		135,289		404,466		1,040,576		26,549,238
2006-07		1,477,432		477,398		2,816,990		1,165,470		2,267,877		23,954,584		179,847		408,285		1,317,939		34,065,822
2007-08		1,414,091		347,533		3,244,244		1,160,817		2,098,924		44,165,345		195,137		1,131,705		11,404,038		65,161,834
2008-09		1,525,264		344,985		2,321,515		1,164,780		2,071,123		21,919,874		185,889		882,579		3,176,907		33,592,916

(1) Includes General, Special Revenue Funds and Capital Project Funds of the Primary Government and the Discretely Presented Component Unit School Board.

(2) Does not include non-departmental expenditures & contributions from the Primary Government to the Component Unit School Board.

COUNTY OF CUMBERLAND, VIRGINIA

Table 5

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total (1,4)		Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3,4) Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy
	Tax Levy	Tax (1) Collections			Tax (2) Collections	Delinquent Taxes			Delinquent Taxes		
1999-00	\$ 4,209,332	\$ 3,942,612	\$ 3,942,612	93.66%	\$ 211,867	\$ 4,154,479	98.70%	\$ 446,747	10.61%		
2000-01	5,543,755	5,189,311	5,189,311	93.61%	233,617	5,422,928	97.82%	549,859	9.92%		
2001-02	5,655,957	5,293,549	5,293,549	93.59%	286,822	5,580,371	98.66%	552,055	9.76%		
2002-03	6,225,778	5,781,074	5,781,074	92.86%	307,764	6,088,838	97.80%	628,682	10.10%		
2003-04	6,369,476	6,047,839	6,047,839	94.95%	301,799	6,349,638	99.69%	589,652	9.26%		
2004-05	6,404,029	6,134,815	6,134,815	95.80%	388,838	6,523,653	101.87%	557,064	8.70%		
2005-06	6,873,966	6,770,742	6,770,742	98.50%	305,845	7,076,587	102.95%	674,323	9.81%		
2006-07	7,230,249	6,786,714	6,786,714	93.87%	226,342	7,013,056	97.00%	771,727	10.67%		
2007-08	7,414,535	7,009,119	7,009,119	94.53%	303,978	7,313,097	98.63%	893,697	12.05%		
2008-09	7,673,636	7,261,095	7,261,095	94.62%	229,173	7,490,268	97.61%	1,156,778	15.07%		

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes personal and real.

(4) Fiscal Year 2005 does not include 1st half of 2005 Real Estate and Public Service taxes.

COUNTY OF CUMBERLAND, VIRGINIA

Table 6

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Airplane	Machinery & Tools	Total
1999-00	\$ 386,627,272	\$ 40,666,924	\$ 8,112,663	\$ 52,679,355	\$ 1,422,700	\$ 1,658,210	\$ 491,167,124
2000-01	395,553,115	44,387,998	8,022,983	52,392,357	1,987,100	1,538,330	503,881,883
2001-02	405,111,071	45,505,280	8,243,689	50,083,385	1,929,000	1,704,649	512,577,074
2002-03	468,052,131	45,791,996	8,769,972	59,538,199	1,629,400	1,798,651	585,580,349
2003-04	475,897,227	47,710,487	8,720,733	59,010,749	1,684,600	1,743,346	594,767,142
2004-05	485,414,095	47,722,652	8,612,464	54,785,526	1,367,900	1,747,243	599,649,880
2005-06	605,391,128	52,458,816	8,554,248	53,323,831	1,324,300	1,742,242	722,794,565
2006-07	716,805,203	55,903,746	8,430,631	56,383,503	1,772,700	2,014,328	841,310,111
2007-08	730,275,447	57,024,862	8,531,438	64,696,398	1,549,585	1,925,603	864,003,333
2008-09	739,662,170	61,957,207	8,553,171	64,153,584	1,609,140	2,314,164	878,249,436

Property Tax Rates  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
1999-00	\$ 0.56	\$ 4.00	\$ 0.56	\$ 0.45	\$ 4.00
2000-01	0.76	4.50	0.76	0.45	4.50
2001-02	0.76	4.50	0.76	0.45	4.50
2002-03	0.76	4.50	0.76	0.45	4.50
2003-04	0.76	4.50	0.76	0.45	4.50
2004-05	0.76	4.50	0.76	0.45	4.50
2005-06	0.76/0.59	4.50	0.76/0.59	0.45	4.50
2006-07	0.59/0.59	4.50	0.59/0.59	0.50	4.50
2007-08	0.59/0.59	4.40	0.59/0.59	0.50	3.75
2008-09	0.59/0.59	4.40	0.59/0.59	0.50	3.75

COUNTY OF CUMBERLAND, VIRGINIA

Table 7

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
					Value	Value	
1999-00	7,825	\$ 491,167,124	\$ 9,482,719	\$ 9,482,719	0.0051	\$	1,212
2000-01	9,017	503,881,883	9,103,552	9,103,552	0.0052		1,010
2001-02	9,017	512,577,074	12,564,385	12,564,385	0.0245		1,393
2002-03	9,017	585,580,349	12,170,218	12,170,218	0.0208		1,350
2003-04	9,017	594,767,142	11,771,051	11,771,051	0.0198		1,305
2004-05	9,017	599,649,880	11,236,884	11,236,884	0.0187		1,246
2005-06	9,017	722,794,565	10,687,717	10,687,717	0.0148		1,185
2006-07	9,017	841,310,111	10,118,550	10,118,550	0.0120		1,122
2007-08	9,017	864,003,333	21,700,029	21,700,029	0.0251		2,407
2008-09	9,017	878,249,436	40,327,972	40,327,972	0.0459		4,472

(1) Bureau of the Census.

(2) From Table 6

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.  
Excludes revenue bonds, capital leases, and compensated absences.

## **Compliance**

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Cumberland, Virginia's basic financial statements and have issued our report thereon dated September 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County'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 Cumberland, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 24, 2009

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited the compliance of County of Cumberland, 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 Cumberland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Cumberland, Virginia's management. Our responsibility is to express an opinion on County of Cumberland, Virginia's compliance based on our audit.

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

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

### Internal Control Over Compliance

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

**Internal Control Over Compliance (Continued)**

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

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

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

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 24, 2009

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2009

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
<b>Primary Government:</b>		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Social Services:		
State administration matching grants for the supplemental nutrition assistance program	10.561	\$ 132,172
Rural Development:		
Community facilities loans and grants	10.766	50,000
Total Department of Agriculture		<u>\$ 182,172</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass through payments:</u>		
Virginia Department of Transportation:		
Alcohol Open Container Requirements	20.607	\$ 4,158
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Pass through payments:</u>		
Virginia Department of Emergency Services:		
Emergency management performance grant	97.042	\$ 400,000
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services:		
Promoting safe and stable families	93.556	\$ 11,839
Temporary assistance for needy families	93.558	113,919
Refugee and entrant assistance	93.566	221
Low income home energy assistance	93.568	5,595
Child care mandatory and matching funds of the child care and development fund	93.575	40,568
Child care and development fund	93.596	44,430
Child welfare services - state grants	93.645	536
Foster care Title IV - E	93.658	44,724
AARA - Foster care Title IV - E	93.658	578
Adoption assistance	93.659	25,667
AARA - Adoption assistance	93.659	1,945
Social services block grant	93.667	47,792
Chafee Foster Care Independence Program	93.674	888
Children's health insurance program	93.767	9,401
Medical assistance program	93.778	88,672
Total Department of Health and Human Services		<u>\$ 436,775</u>
Total Primary Government		<u>\$ 1,023,105</u>

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2009 (Continued)

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
<b>Component Unit - School Board:</b>		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 32,714
Department of Education:		
National school breakfast program	10.553	162,011
National school lunch program	10.555	356,436
		<u>551,161</u>
Total Department of Agriculture		\$ <u>551,161</u>
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Pass through payments:</u>		
Virginia Department of Education:		
Title I Grants to Local Educational Agencies	84.010	423,910
Special Education Grants to States	84.027	316,340
Vocational Education:		
Career and Technical Education - Basic grants to states	84.048	63,565
Adult Education - Basic Grants to States	84.002	172,831
Special Projects:		
Safe and drug-free schools and communities	84.186	6,782
Special Education - Preschool Grants	84.173	7,073
Improving Teacher Quality State Grants	84.367	74,769
21st century community learning centers	84.287	502,893
State Grants for Innovative programs	84.298	2,867
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	13,025
Education technology State Grants	84.318	4,355
Reading first State Grants	84.357	163,784
		<u>1,752,194</u>
Total Department of Education		\$ <u>1,752,194</u>
<u>DEPARTMENT OF DEFENSE:</u>		
<u>Direct payments:</u>		
Jr. ROTC payments	12.000	\$ 66,983
		<u>66,983</u>
Total Component Unit School Board		\$ <u>2,370,338</u>
		<u>2,370,338</u>
Total Federal Assistance		\$ <u>3,393,443</u>
		<u>3,393,443</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009

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Note 1 - General

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

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 573,105
Capital Projects Fund	<u>450,000</u>
Total primary government	<u>\$ 1,023,105</u>

Component Unit Public Schools:

School Operating Fund	<u>\$ 2,337,624</u>
Total component unit public schools	<u>\$ 2,337,624</u>

Total federal expenditures per basic financial statements	<u>\$ 3,360,729</u>
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Non-cash expenditures - value of donated commodities	<u>\$ 32,714</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,393,443</u></u>
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COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified not considered to be material weaknesses? None reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.287	21st century community learning centers
10.553 / 10.555	Child nutrition cluster
97.042	Emergency management performance grant

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

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

There are no federal award findings and questioned costs to report.

**Section IV - Prior Year Findings and Questioned Costs**

There are no prior year findings and questioned costs to report.