

County of Cumberland, Virginia

Financial Report

Year Ended June 30, 2011

County of Cumberland, Virginia

Financial Report
June 30, 2011

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

George Lee Dowdy, Chairman

Doris Seal
Ginger Sanderson

Dr. Christine Ross
George Reid, Jr.

OTHER OFFICIALS

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

Leslie Osborn
Joel C. Cunningham
Carol Ownby
Robert G. Woodson, Jr.
Marvin Dunkun
Patricia D. Scales
Anita H. French
L.O. Pfeiffer, Jr.
Darrell Hodges
Amy Griffin
Karen Blackwell
Judy Ownby

COUNTY OF CUMBERLAND, VIRGINIA

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Year Ended June 30, 2011

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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 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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of June 30, 2011, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 statements 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 introductory section, combining and individual fund financial statements, supporting schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Cumberland, Virginia. The combining and individual fund financial statements, supporting schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 20, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$7,302,550 (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 \$12,467 (Exhibit 4). General Fund contributions to the School Board totaled \$3,033,342 for the current fiscal year.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$5,928,194 an increase of \$2,872,496 in comparison with the prior year.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$1,710,253 or 34% of total general fund expenditures.
- Governmental term obligations decreased \$1,938,347 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 \$7,302,550 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 7,149,882	\$ 4,162,227	\$ 422,626	\$ 511,200	\$ 7,572,508	\$ 4,673,427
Capital assets	<u>36,517,412</u>	<u>38,960,408</u>	<u>7,873,269</u>	<u>8,139,928</u>	<u>44,390,681</u>	<u>47,100,336</u>
Total assets	<u>\$ 43,667,294</u>	<u>\$ 43,122,635</u>	<u>\$ 8,295,895</u>	<u>\$ 8,651,128</u>	<u>\$ 51,963,189</u>	<u>\$ 51,773,763</u>
Long-term liabilities outstanding	\$ 40,485,540	\$ 42,425,576	\$ 1,488,419	\$ 1,523,812	\$ 41,973,959	\$ 43,949,388
Current liabilities	<u>2,624,241</u>	<u>2,568,018</u>	<u>62,439</u>	<u>43,930</u>	<u>2,686,680</u>	<u>2,611,948</u>
Total liabilities	<u>\$ 43,109,781</u>	<u>\$ 44,993,594</u>	<u>\$ 1,550,858</u>	<u>\$ 1,567,742</u>	<u>\$ 44,660,639</u>	<u>\$ 46,561,336</u>
Net assets:						
Invested in capital , assets net of related debt	\$ (5,259,660)	\$ (4,714,325)	\$ 6,353,253	\$ 6,580,651	\$ 1,093,593	\$ 1,866,326
Restricted	791,781	776,401	-	-	791,781	776,401
Unrestricted	<u>5,025,392</u>	<u>2,066,965</u>	<u>391,784</u>	<u>432,735</u>	<u>5,417,176</u>	<u>2,499,700</u>
Total net assets	<u>\$ 557,513</u>	<u>\$ (1,870,959)</u>	<u>\$ 6,745,037</u>	<u>\$ 7,013,386</u>	<u>\$ 7,302,550</u>	<u>\$ 5,142,427</u>

The County’s net assets increased \$2,160,123 during the current fiscal year.

Overview of the Financial Statements: (Continued)

Government-wide Financial Analysis: (Continued)

Governmental Activities—Governmental activities increased the County’s net assets by \$2,428,472. Key elements of this increase are as follows:

**County of Cumberland, Virginia’s Changes in Net Assets
For the Years Ended June 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 826,300	\$ 773,847	\$ 337,004	\$ 355,807	\$ 1,163,304	\$ 1,129,654
Operating grants and contributions	2,391,346	2,528,839	-	-	2,391,346	2,528,839
Capital grants and contributions	3,789,930	2,076,773	-	-	3,789,930	2,076,773
General revenues:						
General property taxes	8,518,154	7,390,476	-	-	8,518,154	7,390,476
Other local taxes	1,334,909	1,363,354	-	-	1,334,909	1,363,354
Grants and other contributions not restricted	976,825	1,020,737	-	-	976,825	1,020,737
Other general revenues	271,321	198,934	2,459	2,397	273,780	201,331
Total revenues	\$ 18,108,785	\$ 15,352,960	\$ 339,463	\$ 358,204	\$ 18,448,248	\$ 15,711,164
Expenses:						
General government administration						
General government administration	\$ 1,339,647	\$ 1,581,085	-	-	\$ 1,339,647	\$ 1,581,085
Judicial administration	438,398	438,445	-	-	438,398	438,445
Public safety	2,181,972	2,186,375	-	-	2,181,972	2,186,375
Public works	1,461,077	1,445,732	-	-	1,461,077	1,445,732
Health and welfare	1,903,164	1,907,322	-	-	1,903,164	1,907,322
Education	5,255,483	6,066,332	-	-	5,255,483	6,066,332
Parks, recreation, and cultural	208,402	177,854	-	-	208,402	177,854
Community development	729,559	427,487	-	-	729,559	427,487
Interest and other fiscal charges	2,150,144	2,535,022	-	-	2,150,144	2,535,022
Water and sewer	-	-	620,279	662,686	620,279	662,686
Total expenses	\$ 15,667,846	\$ 16,765,654	\$ 620,279	\$ 662,686	\$ 16,288,125	\$ 17,428,340
Increase(decrease) in net assets before transfers	\$ 2,440,939	\$ (1,412,694)	\$ (280,816)	\$ (304,482)	\$ 2,160,123	\$ (1,717,176)
Transfers	(12,467)	(77,063)	12,467	77,063	-	-
Change in net assets	\$ 2,428,472	\$ (1,489,757)	\$ (268,349)	\$ (227,419)	\$ 2,160,123	\$ (1,717,176)
Net assets, July 1, 2010	(1,870,959)	(381,202)	7,013,386	7,240,805	5,142,427	6,859,603
Net assets, June 30, 2011	\$ 557,513	\$ (1,870,959)	\$ 6,745,037	\$ 7,013,386	\$ 7,302,550	\$ 5,142,427

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 \$5,928,194, a increase of \$2,872,496 in comparison with the prior year. Approximately 84% 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 \$571,358 and can be briefly summarized as follows:

- \$146,453 in increases for public works
- \$194,631 in increases for public safety
- \$116,235 in increases for community development

Of this increase, \$209,763 was to be funded from state and federal revenues and other sources while the remained was 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, 2011 totals \$44,390,681 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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 \$43,297,088. Of this amount \$41,777,072 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 decreased \$1,932,704 during the current fiscal year.

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 6.9 percent in July 2012, which is a decrease from the rate of 8.4 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.2 percent and favorably to the national rate of 9.3 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 2012 fiscal year.

The fiscal year 2012 General Fund's budget increased from \$13,267,820 to \$14,210,501. The real estate and mobile home tax rate decreased from \$.70 to \$.68. Other 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, 2011

	Primary Government			Component Units	
	Governmental Activities	Business - Type Activities	Total	School Board	IDA
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 4,166,194	\$ 485,075	\$ 4,651,269	\$ 616,007	\$ 11,947
Restricted assets	791,781	-	791,781	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	1,118,669	-	1,118,669	-	-
Accounts receivable	52,655	7,551	60,206	-	-
Notes receivable	-	-	-	-	111,110
Due from component units	557,684	-	557,684	-	-
Due from other governments	392,899	-	392,899	474,750	99,635
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	<u>\$ 7,149,882</u>	<u>\$ 422,626</u>	<u>\$ 7,572,508</u>	<u>\$ 1,090,757</u>	<u>\$ 222,692</u>
Noncurrent Assets:					
Capital assets:					
Land	\$ 142,089	\$ 22,458	\$ 164,547	\$ 121,421	\$ 535,846
Construction in progress	109,521	95,337	204,858	-	29,349
Buildings and equipment, net of depreciation	36,265,802	7,755,474	44,021,276	8,620,540	1,620,017
Total Noncurrent Assets	<u>\$ 36,517,412</u>	<u>\$ 7,873,269</u>	<u>\$ 44,390,681</u>	<u>\$ 8,741,961</u>	<u>\$ 2,185,212</u>
Total Assets	<u>\$ 43,667,294</u>	<u>\$ 8,295,895</u>	<u>\$ 51,963,189</u>	<u>\$ 9,832,718</u>	<u>\$ 2,407,904</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 99,120	\$ 25,224	\$ 124,344	\$ 627,178	\$ -
Due to primary government	-	-	-	446,574	111,110
Unearned revenue	106,979	-	106,979	-	-
Accrued interest payable	444,380	-	444,380	-	-
Long-term liabilities:					
Due within one year	1,973,762	37,215	2,010,977	96,789	21,108
Due in more than one year	41,303,929	1,488,419	42,792,348	1,598,650	1,955,339
Total Liabilities	<u>\$ 43,928,170</u>	<u>\$ 1,550,858</u>	<u>\$ 45,479,028</u>	<u>\$ 2,769,191</u>	<u>\$ 2,087,557</u>
DEFERRED OUTFLOW OF RESOURCES					
Total Liabilities Net of Deferred Outflow of Resources	<u>\$ 43,109,781</u>	<u>\$ 1,550,858</u>	<u>\$ 44,660,639</u>	<u>\$ 2,769,191</u>	<u>\$ 2,087,557</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ (5,259,660)	\$ 6,353,253	\$ 1,093,593	\$ 7,342,450	\$ 209,585
Restricted for:					
Debt Service	791,781	-	791,781	-	-
Unrestricted assets	5,025,392	391,784	5,417,176	(278,923)	110,762
Total Net Assets	<u>\$ 557,513</u>	<u>\$ 6,745,037</u>	<u>\$ 7,302,550</u>	<u>\$ 7,063,527</u>	<u>\$ 320,347</u>
Total Liabilities and Net Assets	<u>\$ 43,667,294</u>	<u>\$ 8,295,895</u>	<u>\$ 51,963,189</u>	<u>\$ 9,832,718</u>	<u>\$ 2,407,904</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,339,647	\$ 3,180	\$ 191,732	\$ -
Judicial administration	438,398	131,344	205,175	-
Public safety	2,181,972	89,116	641,628	-
Public works	1,461,077	506,668	5,910	3,789,930
Health and welfare	1,903,164	-	1,338,486	-
Education	5,255,483	-	-	-
Parks, recreation, and cultural	208,402	34,675	-	-
Community development	729,559	61,317	8,415	-
Interest on long-term debt	2,150,144	-	-	-
Total governmental activities	<u>\$ 15,667,846</u>	<u>\$ 826,300</u>	<u>\$ 2,391,346</u>	<u>\$ 3,789,930</u>
Business-type activities:				
Water and Sewer	\$ 620,279	\$ 337,004	\$ -	\$ -
Total business-type activities	<u>\$ 620,279</u>	<u>\$ 337,004</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 16,288,125</u>	<u>\$ 1,163,304</u>	<u>\$ 2,391,346</u>	<u>\$ 3,789,930</u>
COMPONENT UNITS:				
School Board	\$ 14,825,619	\$ 234,196	\$ 10,749,451	\$ -
IDA	531,713	-	444,940	-
Total component units	<u>\$ 15,357,332</u>	<u>\$ 234,196</u>	<u>\$ 11,194,391</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Communication taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
County contribution to IDA				
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
\$ (1,144,735)	\$ -	\$ (1,144,735)	\$ -	\$ -
(101,879)	-	(101,879)	-	-
(1,451,228)	-	(1,451,228)	-	-
2,841,431	-	2,841,431	-	-
(564,678)	-	(564,678)	-	-
(5,255,483)	-	(5,255,483)	-	-
(173,727)	-	(173,727)	-	-
(659,827)	-	(659,827)	-	-
(2,150,144)	-	(2,150,144)	-	-
<u>\$ (8,660,270)</u>	<u>\$ -</u>	<u>\$ (8,660,270)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (283,275)	\$ (283,275)	\$ -	\$ -
\$ -	\$ (283,275)	\$ (283,275)	\$ -	\$ -
<u>\$ (8,660,270)</u>	<u>\$ (283,275)</u>	<u>\$ (8,943,545)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (3,841,972)	\$ -
-	-	-	-	(86,773)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,841,972)</u>	<u>\$ (86,773)</u>
\$ 8,518,154	\$ -	\$ 8,518,154	\$ -	\$ -
359,940	-	359,940	-	-
398,659	-	398,659	-	-
175,172	-	175,172	-	-
230,492	-	230,492	-	-
113,296	-	113,296	-	-
57,350	-	57,350	-	-
134,952	2,459	137,411	-	39,373
136,369	-	136,369	453,471	-
976,825	-	976,825	-	-
-	-	-	-	362,747
-	-	-	4,400,494	-
(12,467)	12,467	-	-	-
<u>\$ 2,428,472</u>	<u>\$ (268,349)</u>	<u>\$ 2,160,123</u>	<u>\$ 1,011,993</u>	<u>\$ 315,347</u>
(1,870,959)	7,013,386	5,142,427	6,051,534	5,000
<u>\$ 557,513</u>	<u>\$ 6,745,037</u>	<u>\$ 7,302,550</u>	<u>\$ 7,063,527</u>	<u>\$ 320,347</u>

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2011

	General	County Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,144,133	\$ 22,061	\$ 4,166,194
Restricted assets	791,781	-	791,781
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	1,118,669	-	1,118,669
Accounts receivable	52,655	-	52,655
Due from component units	557,684	-	557,684
Due from other funds	70,000	-	70,000
Due from other governmental units	389,899	3,000	392,899
Total	<u>\$ 7,124,821</u>	<u>\$ 25,061</u>	<u>\$ 7,149,882</u>
LIABILITIES			
Accounts payable	\$ 96,318	\$ 2,802	\$ 99,120
Deferred revenue	1,122,568	-	1,122,568
Total liabilities	<u>\$ 1,218,886</u>	<u>\$ 2,802</u>	<u>\$ 1,221,688</u>
FUND BALANCES			
Nonspendable:			
IDA loan	\$ 111,110	\$ -	\$ 111,110
Restricted:			
Debt service	791,781	-	791,781
Assigned:			
Capital projects	-	22,259	22,259
Unassigned:			
General	5,003,044	-	5,003,044
Total fund balances	<u>\$ 5,905,935</u>	<u>\$ 22,259</u>	<u>\$ 5,928,194</u>
Total liabilities and fund balances	<u>\$ 7,124,821</u>	<u>\$ 25,061</u>	<u>\$ 7,149,882</u>

Detailed explanation of adjustments from balance sheet to government-wide statement of net assets:

Total Fund Balances per Balance Sheet \$ 5,928,194

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. \$ 36,517,412

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (444,380)

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. 1,015,589

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 (total \$43,277,691 less derivative instrument liability \$818,389). All liabilities--both current and long-term--are reported in the statement of net assets. (42,459,302)

Net assets of general government activities \$ 557,513

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, 2011

	General	County Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	\$ 8,438,080	\$ -	\$ 8,438,080
Other local taxes	1,334,909	-	1,334,909
Permits, privilege fees and regulatory licenses	66,405	-	66,405
Fines and forfeitures	125,207	-	125,207
Revenue from use of money and property	134,251	701	134,952
Charges for services	634,688	-	634,688
Miscellaneous	136,369	-	136,369
Intergovernmental:			
Henrico County	3,786,930	-	3,786,930
Commonwealth	2,750,999	3,000	2,753,999
Federal	617,172	-	617,172
Total revenues	\$ 18,025,010	\$ 3,701	\$ 18,028,711
Expenditures:			
Current:			
General government administration	\$ 1,310,301	\$ 10,319	\$ 1,320,620
Judicial administration	351,836	-	351,836
Public safety	1,900,666	186,967	2,087,633
Public works	1,319,593	30,889	1,350,482
Health and welfare	1,872,248	-	1,872,248
Education	3,035,905	24,600	3,060,505
Parks, recreation, and cultural	203,921	-	203,921
Community development	517,143	212,922	730,065
Nondepartmental	92,516	-	92,516
Debt service:			
Principal retirement	1,976,451	-	1,976,451
Interest and other fiscal charges	2,097,471	-	2,097,471
Total expenditures	\$ 14,678,051	\$ 465,697	\$ 15,143,748
Excess (deficiency) of revenues over (under) expenditures	\$ 3,346,959	\$ (461,996)	\$ 2,884,963
Other financing sources (uses):			
Transfers in	\$ 10,000	\$ 171,020	\$ 181,020
Transfers (out)	(182,122)	(11,365)	(193,487)
Total other financing sources (uses)	\$ (172,122)	\$ 159,655	\$ (12,467)
Net change in fund balances	\$ 3,174,837	\$ (302,341)	\$ 2,872,496
Fund balances at beginning of year	2,731,098	324,600	3,055,698
Fund balances at end of year	\$ 5,905,935	\$ 22,259	\$ 5,928,194

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, 2011

		<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	\$	2,872,496
<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	\$	125,239
Depreciation expense		<u>(1,201,083)</u>
		(1,075,844)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,367,152)
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.		80,074
<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	\$	1,653,494
Change in value of derivative instrument liability		244,167
Principal retired on state literary fund loans		<u>244,167</u>
		1,897,661
<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	\$	(4,882)
Change in interest payable		<u>26,119</u>
		21,237
Change in net assets of governmental activities	\$	<u><u>2,428,472</u></u>

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

Statement of Net Assets - Proprietary Funds
At June 30, 2011

	<u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 485,075
Accounts receivable	<u>7,551</u>
Total current assets	<u>\$ 492,626</u>
Noncurrent assets:	
Capital Assets:	
Land	\$ 22,458
Construction in progress	95,337
Buildings and equipment, net of depreciation	<u>7,755,474</u>
Total noncurrent assets	<u>\$ 7,873,269</u>
Total Assets	<u><u>\$ 8,365,895</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 25,224
Due to other funds	70,000
Current portion of long-term obligations	<u>37,215</u>
Total current liabilities	<u>\$ 132,439</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>\$ 1,488,419</u>
Total Liabilities	<u>\$ 1,620,858</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 6,353,253
Unrestricted assets	<u>391,784</u>
Total Net Assets	<u>\$ 6,745,037</u>
Total Liabilities and Net Assets	<u><u>\$ 8,365,895</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, 2011

	<u>Water & Sewer Fund</u>
Operating revenues:	
Water	\$ 86,427
Sewer	211,112
Other charges for services	<u>39,465</u>
 Total revenues	 \$ <u>337,004</u>
Operating expenses:	
Salaries	\$ 106,649
Fringe benefits	39,708
Contracted services	35,817
Other operating expenses	77,428
Depreciation	<u>289,125</u>
 Total operating expenses	 \$ <u>548,727</u>
 Operating income (loss)	 \$ <u>(211,723)</u>
Non-operating revenues (expenses):	
Interest income	\$ 2,459
Interest expense	<u>(71,552)</u>
 Total nonoperating revenues (expenses)	 \$ <u>(69,093)</u>
 Income (loss) before transfers	 \$ (280,816)
Transfers in	22,467
Transfers (out)	<u>(10,000)</u>
 Change in net assets	 \$ (268,349)
 Net assets at beginning of year	 <u>7,013,386</u>
 Net assets at end of year	 \$ <u><u>6,745,037</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, 2011

	<u>Water & Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 339,874
Payments for salaries and fringe benefits	(144,957)
Payments for operating activities	<u>(96,486)</u>
Net cash provided by (used in) operating activities	<u>\$ 98,431</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (35,043)
Purchase of capital assets	(22,466)
Interest paid on loans	<u>(71,552)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (129,061)</u>
Cash flows from noncapital financing activities:	
Transfers net	<u>\$ 12,467</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 12,467</u>
Cash flows from investing activities:	
Interest earned	<u>\$ 2,459</u>
Net cash provided by (used in) investing activities	<u>\$ 2,459</u>
Increase (decrease) in cash and cash equivalents	\$ (15,704)
Cash and cash equivalents at beginning of year	<u>500,779</u>
Cash and cash equivalents at end of year	<u><u>\$ 485,075</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (211,723)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:	
Depreciation	289,125
Changes in operating assets and liabilities:	
(Increase)/decrease in accounts receivable	2,870
Increase/(decrease) in accounts payable and accrued expenses	<u>18,159</u>
Net cash provided by (used in) operating activities	<u><u>\$ 98,431</u></u>

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

Statement of Fiduciary Net Assets
 At June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>494,524</u>
LIABILITIES	
Amounts held for others	\$ <u>494,524</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, 2011

Note 1—Summary of Significant Accounting Policies:

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

Statement of Net Assets—The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component 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, 2011 (Continued)

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

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 governments 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 elected 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, 2011.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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, 2011 (Continued)

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

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

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, 2011 (Continued)

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

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. Capital Projects Fund

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

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, 2011 (Continued)

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

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:

The Water and Sewer Fund—This fund is used to account for the water system and the sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution 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 Health Insurance 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, 2011 (Continued)

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

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 \$198,426 at June 30, 2011 and is comprised of property taxes in the amount of \$179,514 and utility accounts in the amount of \$18,912.

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 15th and the second on November 15th. Personal property taxes are payable November 15th. 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, 2011 (Continued)

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

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, 2011 (Continued)

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

L. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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

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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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, 2011 (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, 2011 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Locality's Rate Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAA	A-1+
Local Government Investment Pool	\$ 141,299	\$ -
U.S. Treasury Money Market	98,159	-
FNMA Note	-	308,997
Bear Stearns Fund	384,625	-
Total	<u>\$ 624,083</u>	<u>\$ 308,997</u>

Interest Rate Risk:

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

Investment Maturities (in years)					
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
FNMA Note	\$ 308,997	\$ 308,997	\$ -	\$ -	\$ -
Bear Stearns Fund	384,625	384,625	-	-	-
	<u>\$ 693,622</u>	<u>\$ 693,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2011 (Continued)

Note 3—Due From Other Governmental Units:

At June 30, 2011 the County and School Board had receivables from other governments as follows:

	Primary Government	Component Unit -	
		School Board	IDA
Commonwealth of Virginia:			
State sales taxes	\$ -	\$ 239,545	\$ -
Local sales taxes	35,377	-	-
Communication taxes	60,709	-	-
Public assistance	34,053	-	-
Comprehensive services	60,135	-	-
Shared expenses	76,151	-	-
Other	78,856	-	99,635
Federal Government:			
School funds		235,205	-
Public assistance	47,618	-	-
Total	\$ <u>392,899</u>	\$ <u>474,750</u>	\$ <u>99,635</u>

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

Primary Government:

Fund	Interfund Receivable	Interfund Payable
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, 2011 (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, 2011 are as follows:

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 557,684	\$ -
Component Unit-School Board:		
School Operating	-	446,574
Component Unit-Industrial Development Authority:		
Industrial Development Authority	<u>-</u>	<u>111,110</u>
 Total	 <u>\$ 557,684</u>	 <u>\$ 557,684</u>

Note 5—Interfund Transfers:

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 10,000	\$ 182,122
County Capital Projects	171,020	11,365
Water and Sewer	<u>22,467</u>	<u>10,000</u>
 Total	 <u>\$ 203,487</u>	 <u>\$ 203,487</u>

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

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, 2011, the note balance is \$111,110.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Capital Assets:

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
County:				
Capital assets, not being depreciated:				
Land	\$ 142,089	\$ -	\$ -	\$ 142,089
Construction in progress	281,098	-	171,577	109,521
Total capital assets not being depreciated	<u>\$ 423,187</u>	<u>\$ -</u>	<u>\$ 171,577</u>	<u>\$ 251,610</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,619,050	\$ 171,577	\$ -	\$ 6,790,627
Equipment including vehicles	2,326,622	125,239	-	2,451,861
Jointly owned assets	35,674,729	-	1,577,665	34,097,064
Total capital assets being depreciated	<u>\$ 44,620,401</u>	<u>\$ 296,816</u>	<u>\$ 1,577,665</u>	<u>\$ 43,339,552</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,779,099	\$ 178,565	\$ -	\$ 1,957,664
Equipment	1,924,583	170,092	-	2,094,675
Jointly owned assets	2,379,498	852,426	210,513	3,021,411
Total accumulated depreciation	<u>\$ 6,083,180</u>	<u>\$ 1,201,083</u>	<u>\$ 210,513</u>	<u>\$ 7,073,750</u>
Total capital assets being depreciated, net	<u>\$ 38,537,221</u>	<u>\$ (904,267)</u>	<u>\$ 1,367,152</u>	<u>\$ 36,265,802</u>
Governmental activities capital assets, net	<u>\$ 38,960,408</u>	<u>\$ (904,267)</u>	<u>\$ 1,538,729</u>	<u>\$ 36,517,412</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Capital Assets: (Continued)

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Business-type activities:				
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 22,458	\$ -	\$ -	\$ 22,458
Construction in progress	<u>72,871</u>	<u>22,466</u>	<u>-</u>	<u>95,337</u>
Total capital assets not being depreciated	<u>\$ 95,329</u>	<u>\$ 22,466</u>	<u>\$ -</u>	<u>\$ 117,795</u>
Capital assets being depreciated:				
Equipment	\$ 97,116	\$ -	\$ -	\$ 97,116
Water and sewer lines	7,335,128	-	-	7,335,128
Reservoir	1,932,398	-	-	1,932,398
Buildings	<u>1,511,814</u>	<u>-</u>	<u>-</u>	<u>1,511,814</u>
Total capital assets being depreciated	<u>\$ 10,876,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,876,456</u>
Less accumulated depreciation:				
Equipment	\$ 82,858	\$ 10,176	\$ -	\$ 93,034
Water and sewer lines	1,956,004	183,378	-	2,139,382
Reservoir	193,240	48,310	-	241,550
Buildings	<u>599,755</u>	<u>47,261</u>	<u>-</u>	<u>647,016</u>
Total accumulated depreciation	<u>\$ 2,831,857</u>	<u>\$ 289,125</u>	<u>\$ -</u>	<u>\$ 3,120,982</u>
Total capital assets being depreciated, net	<u>\$ 8,044,599</u>	<u>\$ (289,125)</u>	<u>\$ -</u>	<u>\$ 7,755,474</u>
Net capital assets	<u>\$ 8,139,928</u>	<u>\$ (266,659)</u>	<u>\$ -</u>	<u>\$ 7,873,269</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Component Unit - School Board:				
Capital assets, not being depreciated:				
Land	\$ 121,421	\$ -	\$ -	\$ 121,421
Total capital assets not being depreciated	<u>\$ 121,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,421</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 5,790,156	\$ -	\$ -	\$ 5,790,156
Equipment including vehicles	3,023,224	-	-	3,023,224
Jointly owned assets	<u>5,249,469</u>	<u>1,577,665</u>	-	<u>6,827,134</u>
Total capital assets being depreciated	<u>\$ 14,062,849</u>	<u>\$ 1,577,665</u>	<u>\$ -</u>	<u>\$ 15,640,514</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 3,025,224	\$ 293,423	\$ -	\$ 3,318,647
Equipment	2,393,650	83,350	-	2,477,000
Jointly owned assets	<u>1,013,814</u>	<u>210,513</u>	-	<u>1,224,327</u>
Total accumulated depreciation	<u>\$ 6,432,688</u>	<u>\$ 587,286</u>	<u>\$ -</u>	<u>\$ 7,019,974</u>
Total capital assets being depreciated, net	<u>\$ 7,630,161</u>	<u>\$ 990,379</u>	<u>\$ -</u>	<u>\$ 8,620,540</u>
Governmental activities capital assets, net	<u>\$ 7,751,582</u>	<u>\$ 990,379</u>	<u>\$ -</u>	<u>\$ 8,741,961</u>
	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Industrial Development Authority:				
Capital assets, not being depreciated:				
Land	\$ 338,444	\$ 197,402	\$ -	\$ 535,846
Construction in progress	<u>-</u>	<u>29,349</u>	-	<u>29,349</u>
Total capital assets not being depreciated	<u>\$ 338,444</u>	<u>\$ 226,751</u>	<u>\$ -</u>	<u>\$ 565,195</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,661,556	\$ -	\$ -	\$ 1,661,556
Less accumulated depreciation:				
Buildings and improvements	<u>-</u>	<u>41,539</u>	-	<u>41,539</u>
Total capital assets being depreciated, net	<u>\$ 1,661,556</u>	<u>\$ (41,539)</u>	<u>\$ -</u>	<u>\$ 1,620,017</u>
Net capital assets	<u>\$ 2,000,000</u>	<u>\$ 185,212</u>	<u>\$ -</u>	<u>\$ 2,185,212</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Capital Assets: (Continued)

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

Governmental activities:		
General government	\$	21,328
Judicial administration		89,532
Public safety		127,898
Public works		97,433
Health and welfare		7,047
Education		852,426
Parks, recreation and cultural		3,640
Community development		<u>1,779</u>
Total	\$	<u>1,201,083</u>
Component Unit-School Board	\$	<u>376,773</u> *
Sewer and Sewer Fund	\$	<u>289,125</u>
Industrial Development Authority	\$	<u>41,539</u>
* Depreciation expense above	\$	376,773
Accumulated depreciation - joint tenancy assets		<u>210,513</u>
Total accumulated depreciation prior page	\$	<u>587,286</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2011 consist of the following:

Cash reserves for debt service-school	\$	397,678
Cash reserves for debt service-courthouse		<u>394,103</u>
Total	\$	<u>791,781</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,122,568 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,015,589 at June 30, 2011.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$106,979 at June 30, 2011.

Note 10—Long-Term Debt:

Primary Government:

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated absences payable	\$ 229,825	\$ 42,845	\$ 37,963	\$ 234,707	\$ 23,471
Landfill closure	447,523	-	-	447,523	-
General obligations bonds	16,053,680	-	878,494	15,175,186	908,404
VACO/VML direct loan program	24,640,000	-	775,000	23,865,000	805,000
Derivative instrument liability	863,957	-	45,568	818,389	-
Literary fund loans	2,981,053	-	244,167	2,736,886	236,887
Total Governmental Activities	<u>\$ 45,216,038</u>	<u>\$ 42,845</u>	<u>\$ 1,981,192</u>	<u>\$ 43,277,691</u>	<u>\$ 1,973,762</u>
Business-Type Activities:					
Water and Sewer Fund:					
Compensated absences payable	\$ 4,218	\$ 1,400	\$ -	\$ 5,618	\$ 562
Revenue Bonds	1,555,059	-	35,043	1,520,016	36,653
Total Business-Type Activities	<u>\$ 1,559,277</u>	<u>\$ 1,400</u>	<u>\$ 35,043</u>	<u>\$ 1,525,634</u>	<u>\$ 37,215</u>
Total primary government	<u>\$ 46,775,315</u>	<u>\$ 44,245</u>	<u>\$ 2,016,235</u>	<u>\$ 44,803,325</u>	<u>\$ 2,010,977</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Long-Term Debt: (Continued)

Primary Government: (continued)

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 Long-Term	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 36,653	\$ 67,651	\$ 908,404	\$ 758,499	\$ 236,887	\$ 82,107	\$ 805,000	\$ 1,097,054
2013	38,337	65,967	938,834	710,320	166,667	75,000	840,000	1,058,483
2014	40,098	64,206	974,810	659,939	166,667	70,000	885,000	1,018,457
2015	41,940	62,364	1,011,360	607,099	166,667	65,000	925,000	975,274
2016	43,867	60,437	1,048,514	551,979	166,667	60,000	965,000	930,778
2017	45,882	58,422	1,096,304	494,256	166,667	55,000	1,015,000	884,697
2018	47,990	56,314	1,139,764	433,717	166,667	50,000	1,060,000	835,941
2019	50,195	54,109	803,928	382,681	166,667	45,000	1,110,000	785,091
2020	52,501	51,803	828,834	341,792	166,667	40,000	1,160,000	732,227
2021	54,913	49,391	854,518	299,525	166,667	35,000	1,215,000	676,436
2022	57,435	46,869	886,024	255,708	166,666	30,000	1,275,000	617,816
2023	60,074	44,230	915,928	212,628	166,666	25,000	1,335,000	556,705
2024	62,834	41,470	941,612	168,013	166,666	20,000	1,400,000	492,751
2025	65,720	38,584	675,584	126,917	166,666	15,000	1,460,000	425,824
2026	68,739	35,565	695,548	91,953	166,666	10,000	1,530,000	355,507
2027	71,897	32,407	716,556	55,944	166,666	5,000	1,605,000	281,979
2028	75,200	29,104	738,664	18,836	-	-	1,680,000	205,086
2029	78,655	25,649	-	-	-	-	1,755,000	124,600
2030	82,268	22,036	-	-	-	-	1,845,000	40,146
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	5,916	49	-	-	-	-	-	-
Total	\$ <u>1,520,016</u>	\$ <u>956,730</u>	\$ <u>15,175,186</u>	\$ <u>6,169,803</u>	\$ <u>2,736,886</u>	\$ <u>682,107</u>	\$ <u>23,865,000</u>	\$ <u>12,094,852</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Long-Term Debt: (Continued)

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. \$ 1,239,690

\$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. 280,326

Total Revenue Bonds \$ 1,520,016

Accrued compensated absences 5,618

Total Business-Type Activities \$ 1,525,634

VACO/VMLDIRECT LOAN PROGRAM:

\$20,200,000 VACO/VML public improvement note, series 2008, issued December 17, 2008, due in principal annual payments through December 1, 2029, interest payable monthly at 3.29% \$ 19,025,000

\$5,000,000 VACO/VML public improvement note, issued November 2, 2009, due in principal annual payments through November 1, 2029, interest payable monthly at 3.3975% 4,840,000

Total VACO/VML DIRECT LOAN PROGRAM \$ 23,865,000

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Long-Term Debt: (Continued)

Primary Government: (Continued)

Governmental Activities:

State Literary Fund Loans:

\$1,542,720, issued May 22, 1993, due in principal annual installments of \$77,500, interest payable annually at 3%	\$ 70,220
\$5,000,000, issued February 27, 1997, due in principal annual installments of \$166,667, interest payable annually at 3%	<u>2,666,666</u>
Total State Literary Fund Loans	\$ <u>2,736,886</u>

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%	\$ 2,110,000
\$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%	10,225,186
\$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%	<u>2,840,000</u>
Total General Obligation Bonds	\$ <u>15,175,186</u>
Accrued compensated absences	\$ <u>234,707</u>
Derivative instrument liability	\$ <u>818,389</u>
Landfill closure	\$ <u>447,523</u>
Total governmental fund long-term obligations	\$ <u><u>43,277,691</u></u>
Total Primary Government	\$ <u><u>44,803,325</u></u>

During the year the County issued a derivative financial instruction in the form of an interest rate swap. The County has elected to implement Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments during this fiscal year to account for this standard.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Long-Term Debt: (Continued)

Interest rate swap

Objective of the interest rate swap.

As a means to lower its borrowing costs, when compared against fixed-rate loans at the time of issuance in November 2009 the County entered into an interest rate swap in connection with its \$4,800,000 VACO / VML short-term financing note. Also in December 2008 the County entered into a similar arrangement when it obtained permanent financing on its \$20,200,000 VACO / VML notes. The intention of the swap was to effectively change the County's variable interest rate on the bonds to a synthetic fixed rate of 3.3975% on its 2009 issue and 3.29% on its 2008 issue, respectively. Utilizing the synthetic instrument method, the County has determined that the swap is an effective hedging derivative instrument and hedge accounting applies.

Terms - November 2009 issue - The bonds and the related swap agreement mature on November 1, 2029. The swap's notional value of \$5,109,068 is more than the balance outstanding on the bonds payable of \$4,840,000. The difference of \$269,068 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the County.

Terms - November 2008 issue - The bonds and the related swap agreement mature on December 1, 2029. The swap's notional value of \$19,574,322 is more than the balance outstanding on the bonds payable of \$19,025,000. The difference of \$549,322 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the County.

A corresponding deferred outflow of resources is reported on the statement of net assets as a reduction to total liabilities before computing net assets. The swap was entered into at the same time as the bonds were issued.

Fair Value - The fair values and changes in fair values of the swap are as follows:

	<u>\$5,000,000</u>	<u>\$19,640,000</u>	<u>Total</u>
Fair value	\$ 269,067	\$ 549,322	\$ 818,389
Change in fair value	34,013	11,555	45,568

Component Unit School Board:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within OneYear</u>
Compensated absences payable	\$ 377,021	\$ 45,548	\$ 71,186	\$ 351,383	\$ 35,138
Ameresco Performance Contract	1,399,511	-	55,455	1,344,056	61,651
Total	<u>\$ 1,776,532</u>	<u>\$ 45,548</u>	<u>\$ 126,641</u>	<u>\$ 1,695,439</u>	<u>\$ 96,789</u>
Industrial Development Authority Rural Development Loan	<u>\$ 1,996,704</u>	<u>\$ -</u>	<u>\$ 20,257</u>	<u>\$ 1,976,447</u>	<u>\$ 21,108</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Long-Term Debt: (Continued)

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

Year Ending June 30,	School Board Ameresco Performance Contract		IDA Rural Development Loan	
	Principal	Interest	Principal	Interest
2012	\$ 61,651	\$ 65,187	\$ 21,108	\$ 81,132
2013	68,249	62,197	21,995	80,245
2014	75,271	58,887	22,920	79,320
2015	82,742	55,236	23,883	78,357
2016	90,685	51,223	24,887	77,353
2017	99,127	46,825	25,934	76,307
2018	108,096	42,017	27,024	75,216
2019	117,620	36,774	28,160	74,080
2020	127,730	31,070	29,343	72,897
2021	138,458	24,875	30,577	71,663
2022	149,838	18,160	31,862	70,378
2023	161,905	10,893	33,202	69,038
2024	62,684	3,040	34,598	67,642
2025	-	-	36,052	66,188
2026	-	-	37,568	64,672
2027	-	-	39,147	63,093
2028	-	-	40,793	61,447
2029	-	-	42,508	59,732
2030	-	-	44,295	57,945
2031	-	-	46,157	56,083
2032	-	-	48,097	54,143
2033	-	-	50,119	52,121
2034	-	-	52,226	50,014
2035	-	-	54,421	47,819
2036	-	-	56,709	45,531
2037	-	-	59,093	43,147
2038	-	-	61,577	40,663
2039	-	-	64,166	38,074
2040	-	-	66,863	35,377
2041	-	-	69,674	32,566
2042	-	-	72,603	29,637
2043	-	-	75,656	29,584
2044	-	-	78,836	23,404
2045	-	-	82,150	20,090
2046	-	-	85,604	16,636
2047	-	-	89,202	13,038
2048	-	-	92,952	9,288
2049	-	-	96,860	5,380
2050	-	-	77,626	1,380
Total	\$ 1,344,056	\$ 506,384	\$ 1,976,447	\$ 1,990,680

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Long-Term Debt: (Continued)

Details of long-term obligations are as follows:

Component Unit School Board:

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.	\$ 1,344,056
Compensated absences	<u>351,383</u>
Total long-term obligations	<u>\$ 1,695,439</u>

Industrial Development Authority:

\$2,000,000 Rural Development loan dated April 23, 2010 payable in monthly installments of \$8,520 beginning May 23, 2010 through April 23, 2050, interest at 4.1%	<u>\$ 1,976,447</u>
--	---------------------

Note 11—Landfill Closure and Postclosure Care Cost:

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, 2011 (Continued)

Note 12—Defined Benefit Pension Plan:

A. Plan Description

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

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

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 12—DEFINED BENEFIT PENSION PLAN:

A. Plan Description: (Continued)

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

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

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

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 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 2011 were 9.09% and 5.53% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$623,853, \$614,122, and \$658,185 to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009, respectively and these contributions represented 8.93%, 8.81% and 8.81%, respectively, of current covered payroll.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2011, the County’s annual pension cost of \$216,393 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, 2011	\$ 261,393	100%	\$ -
June 30, 2010	218,644	100%	
June 30, 2009	217,522	100%	-

For fiscal year 2011, the County School Board’s annual pension cost for the Board’s non-professional employees was \$38,129 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, 2011	\$ 38,129	100%	\$ -
June 30, 2010	42,852	100%	-
June 30, 2009	42,009	100%	-

(1) Employer portion

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 20 years.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 79.88% funded. The actuarial accrued liability for benefits was \$9,665,486, and the actuarial value of assets was \$7,721,234, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,944,252. The covered payroll (annual payroll of active employees covered by the plan) was \$3,011,657 and ratio of the UAAL to the covered payroll was 64.56%.

As of June 30, 2010 the most recent actuarial valuation date, the County School Board's plan was 107.10% funded. The actuarial accrued liability for benefits was \$1,982,454, and the actuarial value of assets was \$2,123,277 resulting in an unfunded actuarial accrued liability (UAAL) of (\$140,823). The covered payroll (annual payroll of active employees covered by the plan) was \$722,786, and ratio of UAAL to the covered payroll was (19.48%).

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:

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:

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 15—Surety Bond Information:

	<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
Amy Griffin, Superintendent of Schools	10,000
Clerk of the School Board	10,000
Board of Supervisors	10,000

Note 16—Contingent Liabilities:

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:

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.

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, 2011

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 8,203,400	\$ 8,203,400	\$ 8,438,080	\$ 234,680
Other local taxes	1,348,600	1,348,600	1,334,909	(13,691)
Permits, privilege fees and regulatory licenses	71,400	71,400	66,405	(4,995)
Fines and forfeitures	85,000	125,000	125,207	207
Revenue from use of money and property	10,000	45,792	134,251	88,459
Charges for services	583,060	621,420	634,688	13,268
Miscellaneous	16,000	68,925	136,369	67,444
Intergovernmental:				
Henrico County	-	-	3,786,930	3,786,930
Commonwealth	2,811,859	2,854,545	2,750,999	(103,546)
Federal	851,221	851,221	617,172	(234,049)
Total revenues	\$ 13,980,540	\$ 14,190,303	\$ 18,025,010	\$ 3,834,707
Expenditures:				
Current:				
General government administration	\$ 1,273,933	\$ 1,307,373	\$ 1,310,301	\$ (2,928)
Judicial administration	327,434	351,390	351,836	(446)
Public safety	1,702,739	1,897,370	1,900,666	(3,296)
Public works	1,142,700	1,289,153	1,319,593	(30,440)
Health and welfare	2,508,256	2,503,750	1,872,248	631,502
Education	3,107,268	3,207,268	3,035,905	171,363
Parks, recreation, and cultural	171,013	203,856	203,921	(65)
Community development	399,894	516,129	517,143	(1,014)
Nondepartmental	135,500	83,196	92,516	(9,320)
Debt service:				
Principal retirement	1,976,451	1,976,451	1,976,451	-
Interest and other fiscal charges	2,176,436	2,157,046	2,097,471	59,575
Total expenditures	\$ 14,921,624	\$ 15,492,982	\$ 14,678,051	\$ 814,931
Excess (deficiency) of revenues over (under) expenditures	\$ (941,084)	\$ (1,302,679)	\$ 3,346,959	\$ 4,649,638
Other financing sources (uses):				
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Transfers (out)	(125,820)	(171,020)	(182,122)	(11,102)
Total other financing sources (uses)	\$ (115,820)	\$ (161,020)	\$ (172,122)	\$ (11,102)
Net change in fund balance	\$ (1,056,904)	\$ (1,463,699)	\$ 3,174,837	\$ 4,638,536
Fund balance at beginning of year	1,056,904	1,463,699	2,731,098	1,267,399
Fund balance at end of year	\$ -	\$ -	\$ 5,905,935	\$ 5,905,935

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)
6/30/2010	\$ 7,721,234	\$ 9,665,486	\$ 1,944,252	79.88%	\$ 3,011,657	64.56%
6/30/2009	7,472,618	8,605,107	1,132,489	86.84%	2,896,185	39.10%
6/30/2008	7,101,110	7,929,576	828,466	89.55%	2,823,959	29.34%

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)
6/30/2010	\$ 2,123,277	\$ 1,982,454	\$ (140,823)	107.10%	\$ 722,786	(19.48%)
6/30/2009	2,131,111	2,067,259	(63,852)	103.09%	813,801	(7.85%)
6/30/2008	2,119,309	1,929,908	(189,401)	109.81%	760,308	(24.91%)

Other Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -- Capital Projects Funds
 Year Ended June 30, 2011

	County Capital Projects Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ 700	\$ 701	\$ 1
Intergovernmental:				
Commonwealth	-	25,000	3,000	(22,000)
Total revenues	\$ -	\$ 25,700	\$ 3,701	\$ (21,999)
Expenditures:				
Current:				
General government administration	\$ -	\$ -	\$ 10,319	\$ (10,319)
Public safety	55,000	160,741	186,967	(26,226)
Public works	59,000	59,000	30,889	28,111
Education	-	45,200	24,600	20,600
Community development	11,820	209,320	212,922	(3,602)
Total expenditures	\$ 125,820	\$ 474,261	\$ 465,697	\$ 8,564
Excess (deficiency) of revenues over (under) expenditures	\$ (125,820)	\$ (448,561)	\$ (461,996)	\$ (13,435)
Other financing sources (uses):				
Transfers in	\$ 125,820	\$ 251,061	\$ 171,020	\$ (80,041)
Issuance of long-term debt	-	-	-	-
Transfers (out)	-	-	(11,365)	(11,365)
Total other financing sources (uses)	\$ 125,820	\$ 251,061	\$ 159,655	\$ (91,406)
Net change in fund balances	\$ -	\$ (197,500)	\$ (302,341)	\$ (104,841)
Fund balance at beginning of year	-	197,500	324,600	127,100
Fund balance at end of year	\$ -	\$ -	\$ 22,259	\$ 22,259

Combining Statement of Fiduciary Net Assets -
 Agency Funds
 At June 30, 2011

	Agency Funds			Totals
	Special Welfare Fund	Health Insurance Fund	Sheriff's Forfeiture Fund	
ASSETS				
Cash and cash equivalents	\$ 13,826	\$ 345,442	\$ 135,256	\$ 494,524
Total assets	<u>\$ 13,826</u>	<u>\$ 345,442</u>	<u>\$ 135,256</u>	<u>\$ 494,524</u>
LIABILITIES				
Amounts held for sheriff	\$ -	\$ -	\$ 135,256	\$ 135,256
Amounts held for social services clients	13,826	-	-	13,826
Amounts held for insurance benefits	-	345,442	-	345,442
Total liabilities	<u>\$ 13,826</u>	<u>\$ 345,442</u>	<u>\$ 135,256</u>	<u>\$ 494,524</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 18,865	\$ 28,729	\$ 33,768	\$ 13,826
Liabilities:				
Amounts held for social service clients	\$ 18,865	\$ 28,729	\$ 33,768	\$ 13,826
Sheriff's Forfeiture Fund:				
Assets:				
Cash and cash equivalents	\$ 141,007	\$ 12,608	\$ 18,359	\$ 135,256
Liabilities:				
Amounts held for sheriff	\$ 141,007	\$ 12,608	\$ 18,359	\$ 135,256
Health Insurance Fund:				
Assets:				
Cash and cash equivalents	\$ 434,720	\$ 1,779,762	\$ 1,869,040	\$ 345,442
Liabilities:				
Amounts held for insurance benefits	\$ 434,720	\$ 1,779,762	\$ 1,869,040	\$ 345,442
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 594,592	\$ 1,821,099	\$ 1,921,167	\$ 494,524
Liabilities:				
Amounts held for social service clients	\$ 18,865	\$ 28,729	\$ 33,768	\$ 13,826
Amounts held for insurance benefits	434,720	1,779,762	1,869,040	345,442
Amounts held for sheriff	141,007	12,608	18,359	135,256
Total liabilities	\$ 594,592	\$ 1,821,099	\$ 1,921,167	\$ 494,524

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Discretely Presented Component Unit - School Board

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Combining Balance Sheet -
Discretely Presented Component Unit - School Board
At June 30, 2011

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 599,002	\$ 17,005	\$ 616,007
Receivables (net of allowance for uncollectibles):			
Due from other governmental units	<u>474,750</u>	<u>-</u>	<u>474,750</u>
Total assets	<u>\$ 1,073,752</u>	<u>\$ 17,005</u>	<u>\$ 1,090,757</u>
LIABILITIES			
Accounts payable	\$ 28,176	\$ -	\$ 28,176
Accrued liabilities	599,002	-	599,002
Due to primary government	<u>446,574</u>	<u>-</u>	<u>446,574</u>
Total liabilities	<u>\$ 1,073,752</u>	<u>\$ -</u>	<u>\$ 1,073,752</u>
FUND BALANCES			
Restricted:			
Special Revenue	\$ -	\$ 17,005	\$ 17,005
Total fund balances	<u>\$ -</u>	<u>\$ 17,005</u>	<u>\$ 17,005</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.			
			8,741,961
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.			
			<u>(1,695,439)</u>
Net assets of General Government Activities			<u>\$ 7,063,527</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2011

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
Revenues:			
Charges for services	\$ 808	\$ 233,388	\$ 234,196
Miscellaneous	446,449	7,022	453,471
Intergovernmental:			
County contribution to School Board	3,033,342	-	3,033,342
Commonwealth	8,238,546	-	8,238,546
Federal	2,449,830	61,075	2,510,905
Total revenues	\$ 14,168,975	\$ 301,485	\$ 14,470,460
Expenditures:			
Current:			
Education	\$ 13,609,676	\$ 920,263	\$ 14,529,939
Total expenditures	\$ 13,609,676	\$ 920,263	\$ 14,529,939
Excess (deficiency) of revenues over (under) expenditures	\$ 559,299	\$ (618,778)	\$ (59,479)
Other financing sources (uses):			
Transfers in	\$ -	\$ 559,299	\$ 559,299
Transfers (out)	(559,299)	-	(559,299)
Total other financing sources (uses)	\$ (559,299)	\$ 559,299	\$ -
Net change in fund balances	\$ -	\$ (59,479)	\$ (59,479)
Fund balance at beginning of year	-	76,484	76,484
Fund balance at end of year	\$ -	\$ 17,005	\$ 17,005

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, 2011

		<u>Component Unit School Board</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds	\$	(59,479)
<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.</p>		
Depreciation expense		(376,773)
Transfer of joint tenancy assets from Primary Government to the Component Unit		1,367,152
<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 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.</p>		
Principal retired on capital lease	\$	55,455
Change in accrued leave		81,093
		<u>25,638</u>
Change in net assets of governmental activities	\$	<u><u>1,011,993</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, 2011

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 808	\$ 808
Miscellaneous	-	-	446,449	446,449
Intergovernmental:				
County contribution to School Board	3,104,705	3,204,705	3,033,342	(171,363)
Commonwealth	8,482,144	8,482,144	8,238,546	(243,598)
Federal	1,995,509	1,995,509	2,449,830	454,321
Total revenues	<u>\$ 13,582,358</u>	<u>\$ 13,682,358</u>	<u>\$ 14,168,975</u>	<u>\$ 486,617</u>
Expenditures:				
Current:				
Education	<u>\$ 13,582,358</u>	<u>\$ 13,682,358</u>	<u>\$ 13,609,676</u>	<u>\$ 72,682</u>
Total expenditures	<u>\$ 13,582,358</u>	<u>\$ 13,682,358</u>	<u>\$ 13,609,676</u>	<u>\$ 72,682</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 559,299	\$ 413,935
Other financing sources (uses):				
Transfers (out)	-	-	(559,299)	(559,299)
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>

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

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Statement of Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 At June 30, 2011

	<u>Discretely Presented Component Unit - IDA</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 11,947
Due from othe governments	99,635
Note receivable	<u>111,110</u>
Total current assets	\$ <u>222,692</u>
Noncurrent assets:	
Land	\$ 535,846
Construction in progress	29,349
Buildings, net of depreciation	<u>1,620,017</u>
Total noncurrent assets	\$ <u>2,185,212</u>
Total Assets	\$ <u><u>2,407,904</u></u>
LIABILITIES	
Current liabilities:	
Due to primary government	\$ 111,110
Current portion of long-term obligations	<u>21,108</u>
Total current liabilities	\$ <u>132,218</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	\$ <u>1,955,339</u>
Total Liabilities	\$ <u>2,087,557</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 209,585
Unrestricted assets	<u>110,762</u>
Total Net Assets	\$ <u>320,347</u>
Total Liabilities and Net Assets	\$ <u><u>2,407,904</u></u>

Statement of Revenues, Expenses and Changes in Fund Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2011

	<u>Discretely Presented Component Unit - IDA</u>
Operating revenues:	
Rent	\$ <u>37,720</u>
Total operating revenues	\$ <u>37,720</u>
Operating expenses:	
Depreciation	\$ 41,539
Legal and professional fees	50,000
Other operating expenses	<u>12,886</u>
Total operating expenses	\$ <u>104,425</u>
Operating income (loss)	\$ <u>(66,705)</u>
Non-operating revenues (expenses):	
Interest income	\$ 1,653
Interest expense	(81,983)
Tobacco Indemnification grants	444,940
Economic development incentive payments	(345,305)
Contribution from County of Cumberland	<u>362,747</u>
Total nonoperating revenues (expenses)	\$ <u>382,052</u>
Increase (decrease) in net assets	\$ 315,347
Net assets at beginning of year	<u>5,000</u>
Net assets at end of year	\$ <u><u>320,347</u></u>

Statement of Cash Flows -
Discretely Presented Component Unit - Industrial Development Authority
Year Ended June 30, 2011

	Discretely Presented Component Unit - IDA
Cash flows from operating activities:	
Receipts from customers and users	\$ 37,720
Payments for operating activities	<u>(62,886)</u>
Net cash provided by (used in) operating activities	<u>\$ (25,166)</u>
Cash flows from noncapital financing activities:	
Contribution from County of Cumberland	<u>\$ 362,747</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 362,747</u>
Cash flows from capital and related financing activities:	
Note repayment	\$ 66,667
Retirement of indebtedness	(20,257)
Purchase of capital assets	(226,751)
Interest paid on loans	(81,983)
Tobacco Indemnification grants	345,305
Economic development incentive payments	(345,305)
Retirement of due to primary government	<u>(66,667)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (328,991)</u>
Cash flows from investing activities:	
Investment interest earned	<u>\$ 1,653</u>
Net cash provided by (used in) investing activities	<u>\$ 1,653</u>
Increase (decrease) in cash and cash equivalents	\$ 10,243
Cash and cash equivalents at beginning of year	<u>1,704</u>
Cash and cash equivalents at end of year	<u><u>\$ 11,947</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (66,705)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:	
Depreciation	<u>41,539</u>
Net cash provided by (used in) operating activities	<u><u>\$ (25,166)</u></u>

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Supporting Schedules

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2011

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	\$ 5,900,000	\$ 5,900,000	\$ 5,755,645	\$ (144,355)
Real and personal public service corporation property taxes	357,000	357,000	557,101	200,101
Personal property taxes	1,607,400	1,607,400	1,726,722	119,322
Mobile Homes	45,000	45,000	52,587	7,587
Airplane taxes	7,000	7,000	5,947	(1,053)
Machinery and tools taxes	85,000	85,000	76,129	(8,871)
Penalties	88,000	88,000	119,575	31,575
Interest	114,000	114,000	144,374	30,374
Total general property taxes	<u>\$ 8,203,400</u>	<u>\$ 8,203,400</u>	<u>\$ 8,438,080</u>	<u>\$ 234,680</u>
Other local taxes:				
Local sales and use taxes	\$ 370,000	\$ 370,000	\$ 359,940	\$ (10,060)
Communication taxes	400,000	400,000	398,659	(1,341)
Consumers' utility taxes	166,000	166,000	175,172	9,172
Business license taxes	106,000	106,000	113,296	7,296
Bank franchise tax	26,000	26,000	15,072	(10,928)
Motor vehicle licenses	226,000	226,000	230,492	4,492
Taxes on recordation and wills	54,600	54,600	42,278	(12,322)
Total other local taxes	<u>\$ 1,348,600</u>	<u>\$ 1,348,600</u>	<u>\$ 1,334,909</u>	<u>\$ (13,691)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 8,021	\$ (979)
Building and related permits	54,000	54,000	40,514	(13,486)
Transfer fees	400	400	366	(34)
Land use application fees	4,000	4,000	3,180	(820)
Zoning and other fees	4,000	4,000	14,324	10,324
Total permits, privilege fees and regulatory licenses	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 66,405</u>	<u>\$ (4,995)</u>
Fines and Forfeitures:				
Court fines and forfeitures	<u>\$ 85,000</u>	<u>\$ 125,000</u>	<u>\$ 125,207</u>	<u>\$ 207</u>
Total fines and forfeitures	<u>\$ 85,000</u>	<u>\$ 125,000</u>	<u>\$ 125,207</u>	<u>\$ 207</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 3,000	\$ 3,000	\$ 88,686	\$ 85,686
Revenue from use of property	7,000	42,792	45,565	2,773
Total revenue from use of money and property	<u>\$ 10,000</u>	<u>\$ 45,792</u>	<u>\$ 134,251</u>	<u>\$ 88,459</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2011 (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)				
Charges for services:				
Sheriff's fees	\$ 360	\$ 360	\$ 360	-
Other charges for courts	1,000	1,000	3,867	2,867
Law enforcement	1,200	5,667	5,681	14
Commonwealth attorney fees	200	200	272	72
Landfill host agreement fees	500,000	500,000	500,000	-
Security service reimbursement	40,000	43,840	43,840	-
Courthouse security	30,000	30,000	31,214	1,214
Recreation fees	4,000	34,053	34,675	622
Courthouse maintenance fees	-	-	6,668	6,668
Law library fees	-	-	1,632	1,632
Other charges for services	6,300	6,300	6,479	179
Total charges for services	<u>\$ 583,060</u>	<u>\$ 621,420</u>	<u>\$ 634,688</u>	<u>\$ 13,268</u>
Miscellaneous revenue:				
Miscellaneous	\$ 16,000	\$ 18,796	\$ 75,528	\$ 56,732
Health insurance reimbursement	-	50,129	60,841	10,712
Total miscellaneous revenue	<u>\$ 16,000</u>	<u>\$ 68,925</u>	<u>\$ 136,369</u>	<u>\$ 67,444</u>
Total revenue from local sources	<u>\$ 10,317,460</u>	<u>\$ 10,484,537</u>	<u>\$ 10,869,909</u>	<u>\$ 385,372</u>
Intergovernmental revenue:				
Henrico County - reservoir operation	\$ -	\$ -	\$ 1,131,900	\$ 1,131,900
Henrico County - reservoir permitting	-	-	2,104,646	2,104,646
Henrico County - wetland mitigation	-	-	550,384	550,384
Total intergovernmental revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,786,930</u>	<u>\$ 3,786,930</u>
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 52,000	\$ 52,000	\$ 56,606	\$ 4,606
Noncategorical aid:				
Mobile home titling taxes	\$ 20,000	\$ 20,000	\$ 19,525	\$ (475)
Tax on deeds	16,000	16,000	11,041	(4,959)
PPTRA	871,700	871,700	871,736	36
Recordation tax	17,000	17,000	17,682	682
Rolling stock tax	-	500	235	(265)
Total noncategorical aid	<u>\$ 924,700</u>	<u>\$ 925,200</u>	<u>\$ 920,219</u>	<u>\$ (4,981)</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2011 (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	\$ 64,364	\$ 64,364	\$ 67,323	\$ 2,959
Sheriff	527,466	527,466	538,787	11,321
Commissioner of the Revenue	68,491	68,491	69,814	1,323
Treasurer	78,122	78,122	79,863	1,741
Medical examiner	180	180	-	(180)
Registrar/electoral board	29,864	29,864	28,112	(1,752)
DMV	11,000	11,000	13,943	2,943
Clerk of the Circuit Court	121,386	138,676	137,852	(824)
Total shared expenses	<u>\$ 900,873</u>	<u>\$ 918,163</u>	<u>\$ 935,694</u>	<u>\$ 17,531</u>
Other categorical aid:				
Litter Control	\$ -	\$ 5,910	\$ 5,910	\$ -
Biosolids monitoring	1,000	1,000	8,415	7,415
Emergency management grant	-	-	10,121	10,121
E-911 wireless	-	-	42,247	42,247
Law enforcement block grant	-	4,026	4,026	-
Comprehensive Services Act	765,000	765,000	403,856	(361,144)
Other categorical aid	-	14,960	4,424	(10,536)
Public assistance and welfare	168,286	168,286	359,481	191,195
Total other categorical aid	<u>\$ 934,286</u>	<u>\$ 959,182</u>	<u>\$ 838,480</u>	<u>\$ (120,702)</u>
Total categorical aid	<u>\$ 1,835,159</u>	<u>\$ 1,877,345</u>	<u>\$ 1,774,174</u>	<u>\$ (103,171)</u>
Total revenue from the Commonwealth	<u>\$ 2,811,859</u>	<u>\$ 2,854,545</u>	<u>\$ 2,750,999</u>	<u>\$ (103,546)</u>
Revenue from the Federal Government:				
Categorical aid:				
Public assistance and welfare	\$ 851,221	\$ 851,221	\$ 570,725	\$ (280,496)
Emergency management grant	-	-	26,542	26,542
Highway safety grant	-	-	19,905	19,905
Total categorical aid	<u>\$ 851,221</u>	<u>\$ 851,221</u>	<u>\$ 617,172</u>	<u>\$ (234,049)</u>
Total revenue from the Federal Government	<u>\$ 851,221</u>	<u>\$ 851,221</u>	<u>\$ 617,172</u>	<u>\$ (234,049)</u>
Total General Fund	<u>\$ 13,980,540</u>	<u>\$ 14,190,303</u>	<u>\$ 18,025,010</u>	<u>\$ 3,834,707</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2011 (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	\$ -	\$ 700	\$ 701	\$ 1
Total revenue from local sources	\$ -	\$ 700	\$ 701	\$ 1
Revenue from the Commonwealth:				
Water assistance grant	\$ -	\$ 25,000	\$ 3,000	\$ (22,000)
Total revenue from the Commonwealth	\$ -	\$ 25,000	\$ 3,000	\$ (22,000)
Total County Capital Projects Fund	\$ -	\$ 25,700	\$ 3,701	\$ (21,999)
Grand Total Revenues -- Primary Government	\$ 13,980,540	\$ 14,216,003	\$ 18,028,711	\$ 3,812,708
Component Unit -- School Board:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 808	\$ 808
Total revenue from use of money and property	\$ -	\$ -	\$ 808	\$ 808
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 446,449	\$ 446,449
Total miscellaneous	\$ -	\$ -	\$ 446,449	\$ 446,449
Total revenue from local sources	\$ -	\$ -	\$ 447,257	\$ 447,257
Intergovernmental revenue:				
County contribution to School Board	\$ 3,104,705	\$ 3,204,705	\$ 3,033,342	\$ (171,363)

Governmental Funds and Discretely Presented Component Units
Statement of Revenues -- Budget and Actual
Year Ended June 30, 2011 (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	\$ 1,347,450	\$ 1,347,450	\$ 1,402,535	\$ 55,085
Basic school aid	4,577,304	4,577,304	4,214,394	(362,910)
Special education	619,680	619,680	606,881	(12,799)
Social security	269,910	269,910	264,335	(5,575)
Teacher retirement	159,722	159,722	156,423	(3,299)
Other state funds	1,508,078	1,508,078	1,593,978	85,900
Total categorical aid	<u>\$ 8,482,144</u>	<u>\$ 8,482,144</u>	<u>\$ 8,238,546</u>	<u>\$ (243,598)</u>
Total revenue from the Commonwealth	<u>\$ 8,482,144</u>	<u>\$ 8,482,144</u>	<u>\$ 8,238,546</u>	<u>\$ (243,598)</u>
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ 213,121	\$ 213,121	\$ 202,588	\$ (10,533)
Title I	441,491	441,491	334,476	(107,015)
ARRA -Title I	132,650	132,650	108,263	(24,387)
Rural and low income	-	-	25,570	25,570
Title VI-B -- Special Education	332,191	332,191	240,195	(91,996)
ARRA - Title VI-B -- Special Education	193,829	193,829	137,630	(56,199)
School food	-	-	545,483	545,483
Vocational education	-	-	73,406	73,406
ROTC	-	-	71,818	71,818
Preschool	6,958	6,958	6,957	(1)
Title II - part A	91,149	91,149	86,579	(4,570)
ARRA - Title VI-B -- Special Education Preschool	6,527	6,527	6,527	-
Gearup	16,570	16,570	13,406	(3,164)
AARA - State stabilization fund	-	-	189,734	189,734
21st century grant	200,000	200,000	248,703	48,703
Education technology	4,478	4,478	2,543	(1,935)
ARRA - Education technology	-	-	3,513	3,513
ARRA - Education Jobs Fund	-	-	143,873	143,873
Learn and service America	-	-	8,566	8,566
Other federal funds	356,545	356,545	-	(356,545)
Total categorical aid	<u>\$ 1,995,509</u>	<u>\$ 1,995,509</u>	<u>\$ 2,449,830</u>	<u>\$ 454,321</u>
Total revenue from the federal government	<u>\$ 1,995,509</u>	<u>\$ 1,995,509</u>	<u>\$ 2,449,830</u>	<u>\$ 454,321</u>
Total School Operating Fund	<u>\$ 13,582,358</u>	<u>\$ 13,682,358</u>	<u>\$ 14,168,975</u>	<u>\$ 486,617</u>

Governmental Funds and Discretely Presented Component Units
Statement of Revenues -- Budget and Actual
Year Ended June 30, 2011 (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	\$ -	\$ -	\$ 233,388	\$ 233,388
Total charges for services	\$ -	\$ -	\$ 233,388	\$ 233,388
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 7,022	\$ 7,022
Total miscellaneous	\$ -	\$ -	\$ 7,022	\$ 7,022
Total revenue from local sources	\$ -	\$ -	\$ 240,410	\$ 240,410
Revenue from the federal government:				
Categorical aid:				
Food distribution	\$ -	\$ -	\$ 61,075	\$ 61,075
Total School Cafeteria Fund	\$ -	\$ -	\$ 301,485	\$ 301,485
Grand Total Revenues -- Component Unit -- School Board	\$ 13,582,358	\$ 13,682,358	\$ 14,470,460	\$ 788,102
Grand Total Revenues -- Reporting Entity	\$ 27,562,898	\$ 27,898,361	\$ 32,499,171	\$ 4,600,810

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2011

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	\$ 98,637	\$ 54,707	\$ 56,862	\$ (2,155)
General and financial administration:				
County administrator	\$ 149,857	\$ 154,791	\$ 154,812	\$ (21)
Legal services	148,188	171,350	171,350	-
Independent Auditor	33,000	31,500	31,500	-
Commissioner of the revenue	209,866	218,018	218,092	(74)
Assessor	-	-	4	(4)
Treasurer	212,840	252,988	253,147	(159)
Accounting	185,019	190,851	190,792	59
Data Processing	167,646	166,146	166,718	(572)
Total general and financial administration	\$ 1,106,416	\$ 1,185,644	\$ 1,186,415	\$ (771)
Board of Elections:				
Electoral board and officials	\$ 16,700	\$ 9,955	\$ 9,951	\$ 4
Registrar	52,180	57,067	57,073	(6)
Total board of elections	\$ 68,880	\$ 67,022	\$ 67,024	\$ (2)
Total general government administration	\$ 1,273,933	\$ 1,307,373	\$ 1,310,301	\$ (2,928)
Judicial administration:				
Courts:				
Circuit court	\$ 15,640	\$ 13,322	\$ 12,692	\$ 630
General district court	11,905	12,710	14,039	(1,329)
Special magistrates	1,200	1,330	1,337	(7)
Law library	1,000	1,000	995	5
Clerk of the circuit court	195,162	213,074	212,902	172
Total courts	\$ 224,907	\$ 241,436	\$ 241,965	\$ (529)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 102,527	\$ 109,954	\$ 109,871	\$ 83
Total judicial administration	\$ 327,434	\$ 351,390	\$ 351,836	\$ (446)

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

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 and other law enforcement	\$ 1,222,499	\$ 1,414,595	\$ 1,421,915	\$ (7,320)
Total law enforcement and traffic control	<u>\$ 1,222,499</u>	<u>\$ 1,414,595</u>	<u>\$ 1,421,915</u>	<u>\$ (7,320)</u>
Fire and rescue services:				
Fire and rescue services	\$ 190,513	\$ 180,934	\$ 180,207	\$ 727
E-911	35,670	48,038	47,633	405
Total fire and rescue services	<u>\$ 226,183</u>	<u>\$ 228,972</u>	<u>\$ 227,840</u>	<u>\$ 1,132</u>
Correction and detention:				
Probation office	\$ 1,226	\$ 1,226	\$ 1,212	\$ 14
Corrections and detention	25,000	21,771	18,890	2,881
Total correction and detention	<u>\$ 26,226</u>	<u>\$ 22,997</u>	<u>\$ 20,102</u>	<u>\$ 2,895</u>
Inspections:				
Building	\$ 105,706	\$ 108,321	\$ 108,323	\$ (2)
Total inspections	<u>\$ 105,706</u>	<u>\$ 108,321</u>	<u>\$ 108,323</u>	<u>\$ (2)</u>
Other protection:				
Animal control	\$ 122,085	\$ 122,425	\$ 122,426	\$ (1)
Medical examiner (coroner)	40	60	60	-
Total other protection	<u>\$ 122,125</u>	<u>\$ 122,485</u>	<u>\$ 122,486</u>	<u>\$ (1)</u>
Total public safety	<u>\$ 1,702,739</u>	<u>\$ 1,897,370</u>	<u>\$ 1,900,666</u>	<u>\$ (3,296)</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 479,735	\$ 606,608	\$ 636,470	\$ (29,862)
Litter control	500	1,150	1,139	11
Recycling	29,000	15,550	15,541	9
Total sanitation and waste removal	<u>\$ 509,235</u>	<u>\$ 623,308</u>	<u>\$ 653,150</u>	<u>\$ (29,842)</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

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	\$ 630,465	\$ 662,845	\$ 666,443	\$ (3,598)
Courthouse maintenance	3,000	3,000	-	3,000
Total maintenance of general buildings and grounds	<u>\$ 633,465</u>	<u>\$ 665,845</u>	<u>\$ 666,443</u>	<u>\$ (598)</u>
Total public works	<u>\$ 1,142,700</u>	<u>\$ 1,289,153</u>	<u>\$ 1,319,593</u>	<u>\$ (30,440)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 99,310	\$ 76,410	\$ 76,385	\$ 25
Hospital and other health organizations	1,000	750	750	-
Total health	<u>\$ 100,310</u>	<u>\$ 77,160</u>	<u>\$ 77,135</u>	<u>\$ 25</u>
Mental health and mental retardation:				
Chapter X board	\$ 28,840	\$ 28,840	\$ 28,840	\$ -
Hospitalization - inpatient	-	1,341	-	1,341
Total mental health and mental retardation	<u>\$ 28,840</u>	<u>\$ 30,181</u>	<u>\$ 28,840</u>	<u>\$ 1,341</u>
Welfare:				
Welfare administration & public assistance	\$ 1,314,491	\$ 1,329,012	\$ 1,134,562	\$ 194,450
CSA - management	64,615	67,397	67,399	(2)
CSA - at risk youth	1,000,000	1,000,000	564,312	435,688
Total welfare	<u>\$ 2,379,106</u>	<u>\$ 2,396,409</u>	<u>\$ 1,766,273</u>	<u>\$ 630,136</u>
Total health and welfare	<u>\$ 2,508,256</u>	<u>\$ 2,503,750</u>	<u>\$ 1,872,248</u>	<u>\$ 631,502</u>
Education:				
Contributions to community colleges	\$ 2,563	\$ 2,563	\$ 2,563	\$ -
Contributions to school board component unit	3,104,705	3,204,705	3,033,342	171,363
Total education	<u>\$ 3,107,268</u>	<u>\$ 3,207,268</u>	<u>\$ 3,035,905</u>	<u>\$ 171,363</u>
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 55,513	\$ 88,356	\$ 88,421	\$ (65)
Library:				
Local library	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Tri-county life learners	500	500	500	-
Total parks, recreation and cultural	<u>\$ 171,013</u>	<u>\$ 203,856</u>	<u>\$ 203,921</u>	<u>\$ (65)</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

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	\$ 175,283	\$ 175,940	\$ 171,992	\$ 3,948
Economic development	82,098	81,347	81,340	7
Contribution to IDA	50,000	165,345	165,345	-
Other community development	52,162	52,016	56,982	(4,966)
Total planning and community development	<u>\$ 359,543</u>	<u>\$ 474,648</u>	<u>\$ 475,659</u>	<u>\$ (1,011)</u>
Environmental management:				
Cooperative extension program	\$ 40,351	\$ 41,481	\$ 41,484	\$ (3)
Total environmental management	<u>\$ 40,351</u>	<u>\$ 41,481</u>	<u>\$ 41,484</u>	<u>\$ (3)</u>
Total community development	<u>\$ 399,894</u>	<u>\$ 516,129</u>	<u>\$ 517,143</u>	<u>\$ (1,014)</u>
Nondepartmental:				
Miscellaneous	\$ 65,500	\$ 5,535	\$ 14,856	\$ (9,321)
Local aid to the Commonwealth	70,000	77,661	77,660	1
Total nondepartmental	<u>\$ 135,500</u>	<u>\$ 83,196</u>	<u>\$ 92,516</u>	<u>\$ (9,320)</u>
Debt service:				
Principal retirement	\$ 1,976,451	\$ 1,976,451	\$ 1,976,451	-
Interest and fiscal charges	2,176,436	2,157,046	2,097,471	59,575
Total debt service	<u>\$ 4,152,890</u>	<u>\$ 4,133,497</u>	<u>\$ 4,073,922</u>	<u>\$ 59,575</u>
Total General Fund	<u>\$ 14,921,627</u>	<u>\$ 15,492,982</u>	<u>\$ 14,678,051</u>	<u>\$ 814,931</u>
County Capital Projects Fund:				
Capital outlay / projects:				
General government:				
EDP equipment	\$ -	\$ -	\$ 8,555	\$ (8,555)
Computer software	-	-	1,764	(1,764)
Total general government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,319</u>	<u>\$ (10,319)</u>
Public safety:				
Contributions to fire departments	\$ 30,000	\$ 80,000	\$ 80,000	-
Vehicles	25,000	80,741	106,967	(26,226)
Total public safety	<u>\$ 55,000</u>	<u>\$ 160,741</u>	<u>\$ 186,967</u>	<u>\$ (26,226)</u>
Public works:				
Pump station repairs	\$ 39,000	\$ 39,000	\$ 13,050	\$ 25,950
Construction - sewer building	-	-	8,301	(8,301)
Other	20,000	20,000	9,538	10,462
Total public works	<u>\$ 59,000</u>	<u>\$ 59,000</u>	<u>\$ 30,889</u>	<u>\$ 28,111</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Education:				-
Cumberland Elementary - water heater	\$ -	\$ 45,200	\$ 24,600	\$ 20,600
Community Development:				
Randolph community center	\$ 11,820	\$ 11,820	\$ 11,820	\$ -
Contribution to IDA	-	197,500	197,402	98
GIS mapping	-	-	3,700	(3,700)
Total community development	\$ 11,820	\$ 209,320	\$ 212,922	\$ (3,602)
Total County Capital Projects Fund	\$ 125,820	\$ 474,261	\$ 465,697	\$ 8,564
Grand Total Expenditures -- Primary Government	\$ 15,047,447	\$ 15,967,243	\$ 15,143,748	\$ 823,495
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 9,771,527	\$ 9,871,527	\$ 9,854,283	\$ 17,244
Administration, attendance and health	808,242	808,242	829,115	(20,873)
Pupil transportation services	1,217,735	1,217,735	1,296,528	(78,793)
Operation and maintenance services	1,195,277	1,195,277	1,072,327	122,950
School food services	-	-	713	(713)
Technology	589,577	589,577	556,710	32,867
Total education	\$ 13,582,358	\$ 13,682,358	\$ 13,609,676	\$ 72,682
Total School Operating Fund	\$ 13,582,358	\$ 13,682,358	\$ 13,609,676	\$ 72,682
School Cafeteria Fund:				
Education:				
School food services	\$ -	\$ -	\$ 920,263	\$ (920,263)
Total School Cafeteria Fund	\$ -	\$ -	\$ 920,263	\$ (920,263)
Grand Total Expenditures--Component Unit-- School Board	\$ 13,582,358	\$ 13,682,358	\$ 14,529,939	\$ (847,581)
Grand Total Expenditures--Reporting Entity	\$ 28,629,805	\$ 29,649,601	\$ 29,673,687	\$ (24,086)

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Other Statistical Information

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COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General										Interest on Debt	Water & Sewer	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	347,465	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	511,162	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	692,743	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	610,002	17,658,420
2009-10	1,581,085	438,445	2,186,375	1,445,732	1,907,322	6,066,332	177,854	427,487	-	-	2,535,022	662,686	17,428,340
2010-11	1,339,647	438,398	2,181,972	1,461,077	1,903,164	5,255,483	208,402	729,559	-	-	2,150,144	620,279	16,288,125

COUNTY OF CUMBERLAND, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten 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		
2009-10	773,847	2,528,839	2,076,773	7,390,476	1,363,354	1,020,737	61,838	139,493	15,355,357		
2010-11	1,163,304	2,391,346	3,789,930	8,518,154	1,334,909	976,825	137,411	136,369	18,448,248		

COUNTY OF CUMBERLAND, VIRGINIA

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
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									
2009-10	7,348,317	1,363,354	59,063	113,623	59,441	854,198	559,921	16,540,010	-	26,897,927									
2010-11	8,438,080	1,334,909	66,405	125,207	134,952	868,884	589,840	17,846,477	-	29,404,754									

(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		Total
									Service	Total	
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	
2009-10	1,586,866	348,507	2,036,541	1,519,811	1,923,523	21,123,845	175,255	443,285	3,964,104	33,121,737	
2010-11	1,320,620	351,836	2,087,633	1,350,482	1,872,248	14,496,027	203,921	730,065	4,073,922	26,486,754	

(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)		Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3,4)		Percent of Delinquent Taxes to Tax Levy
	Tax Levy	\$			Tax (2) Collections	Taxes			Taxes		
2001-02	\$ 5,655,957	\$	5,293,549	93.59%	286,822	\$	5,580,371	98.66%	\$ 552,055	9.76%	
2002-03	6,225,778		5,781,074	92.86%	307,764		6,088,838	97.80%	628,682	10.10%	
2003-04	6,369,476		6,047,839	94.95%	301,799		6,349,638	99.69%	589,652	9.26%	
2004-05	6,404,029		6,134,815	95.80%	388,838		6,523,653	101.87%	557,064	8.70%	
2005-06	6,873,966		6,770,742	98.50%	305,845		7,076,587	102.95%	691,919	10.07%	
2006-07	7,230,249		6,786,714	93.87%	226,342		7,013,056	97.00%	820,046	11.34%	
2007-08	7,414,535		7,009,119	94.53%	303,978		7,313,097	98.63%	852,804	11.50%	
2008-09	7,673,636		7,261,095	94.62%	229,173		7,490,268	97.61%	910,187	11.86%	
2009-10	8,168,244		7,740,534	94.76%	323,129		8,063,663	98.72%	937,772	11.48%	
2010-11	9,121,905		8,676,195	95.11%	377,159		9,053,354	99.25%	971,461	10.65%	

(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
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
2009-10	795,199,387	54,473,377	8,597,263	60,485,203	1,427,581	2,504,409	922,687,220
2010-11	850,430,361	57,149,558	7,110,616	67,684,115	1,184,500	2,117,341	985,676,491

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
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
2009-10	0.59/0.70	4.40	0.59/0.70	0.50	3.75
2010-11	0.70/0.68	4.50	0.70/0.68	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
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	45,127,972	45,127,972	0.0514		5,005
2009-10	9,017	922,687,220	43,674,733	43,674,733	0.0473		4,844
2010-11	9,017	985,676,491	43,297,088	43,297,088	0.0439		4,802

(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.

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Compliance

Independent Auditors' Report

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Cumberland, Virginia's basic financial statements and have issued our report thereon dated October 20, 2011. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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*.

We noted a certain matter that we reported to management of the County of Cumberland, Virginia in a separate letter dated October 20, 2011.

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
October 20, 2011

Independent Auditors' Report

Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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

Internal Control Over Compliance (Continued)

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

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
October 20, 2011

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Primary Government:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
SNAP Cluster:			
Supplemental Nutrition Assistance Program	10.561	0040111	\$ 122,361
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	0040111	3,041
Total Department of Agriculture			<u>\$ 125,402</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Transportation:			
Alcohol Open Container Requirements	20.607	6050700-51129	\$ 19,905
Total Department of Transportation			<u>\$ 19,905</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Virginia Department of Emergency Services:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 4,762
State Homeland Security Program	97.073	7750100-52709	26,542
Total Department of Homeland Security			<u>\$ 31,304</u>
<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	0950111	\$ 611
Temporary assistance for needy families	93.558	0400111	126,376
Refugee and entrant assistance - State Administered Programs	93.566	0500111	225
Low income home energy assistance	93.568	0600411	8,440
CCDF Cluster:			
Child care and development block grant	93.575	0770110	22,947
Child care mandatory and matching funds of the child care and development fund	93.596	0760111	44,120
Stephanie Tubbs Jones Child Welfare Service Programs	93.645	0900111	455
Foster care Title IV - E	93.658	1100111	\$ 58,403
AARA - Foster care Title IV - E	93.658	1100111	1,050
Adoption assistance	93.659	1120111	\$ 31,461
AARA - Adoption assistance	93.659	1120111	2,076
Social services block grant	93.667	1000111	67,700
Chafee Foster Care Independence Program	93.674	9150111	936
ARRA - Child care and development block grant	93.713	0740109 / '0780109	3,469
Children's health insurance program	93.767	0540111	3,592
Medical assistance program	93.778	1200111	73,462
Total Department of Health and Human Services			<u>\$ 445,323</u>
Total Primary Government			<u>\$ 621,934</u>

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2011 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Component Unit - School Board:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution	10.555	N/A	\$ 60,412
Food distribution	10.559	N/A	663
Department of Education:			
National school breakfast program	10.553	405910	169,629
National school lunch program	10.555	406230	375,854
Total Department of Agriculture			<u>\$ 606,558</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	429010	\$ 334,476
ARRA - Title I Grants to Local Educational Agencies	84.389	429130	108,263
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	430710	240,195
ARRA -Special Education Grants to States	84.391	430710	137,630
Vocational Education:			
Career and Technical Education - Basic grants to states	84.048	610950	73,406
Adult Education - Basic Grants to States	84.002		202,588
Special Projects:			
Special Education - Preschool Grants	84.173	625210	6,957
ARRA - Special Education - Preschool Grants	84.392	612470	6,527
Improving Teacher Quality State Grants	84.367	614800	86,579
21st century community learning centers	84.287	N/A	248,703
Rural Education	84.358	N/A	25,570
AARA - Education Technology State Grants	84.386	608970	3,513
Gear grant	84.000	N/A	13,406
Education technology State Grants	84.318	N/A	2,543
Learn and Serve America - School and Community Based Programs	94.004	N/A	8,566
ARRA - State Fiscal Stabilization Fund (SFSF)	84.394	625320 / 62532A / 62532B	189,734
ARRA - Education Jobs Fund	84.410	N/A	143,873
Total Department of Education			<u>\$ 1,832,529</u>
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
Jr. ROTC payments	17.000	N/A	\$ 71,818
Total Component Unit School Board			<u>\$ 2,510,905</u>
Total expenditures of federal awards			<u>\$ 3,132,839</u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 617,172
Special welfare fund	4,762
	<hr/>
Total primary government	\$ 621,934
	<hr/>
Component Unit Public Schools:	
School Operating Fund	\$ 2,449,830
School Cafeteria Fund	61,075
	<hr/>
Total component unit public schools	\$ 2,510,905
	<hr/>
Total federal expenditures per basic financial statements	\$ 3,132,839
	<hr/>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,132,839
	<hr/> <hr/>

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? 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>
84.010/84.389	Title I Part A Cluster
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)
84.394	ARRA - State Fiscal Stabilization Fund Education State Grants

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.