



Financial Report
Year Ended June 30, 2013

County of Cumberland, Virginia

Financial Report

Year Ended June 30, 2013

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report
Year Ended June 30, 2013

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION - Officials	
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	10
Exhibit 2 Statement of Activities	11-12
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	13
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	14
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities— Governmental Funds	15
Exhibit 6 Statement of Net Position—Proprietary Funds	16
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds	17
Exhibit 8 Statement of Cash Flows—Proprietary Funds	18
Exhibit 9 Statement of Fiduciary Net Position	19
Notes to Financial Statements	20-50
<u>Required Supplementary Information:</u>	
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual—General Fund	51
Exhibit 11 Schedule of Pension Funding Progress for the Virginia Retirement System	52

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report
Year Ended June 30, 2013

Table of Contents (Continued)

	<u>Page</u>	
<u>Other Supplementary Information:</u>		
Exhibit 12	Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Capital Projects Funds	53
Exhibit 13	Combining Statement of Fiduciary Net Position—Agency Funds	54
Exhibit 14	Combining Statement of Changes in Assets and Liabilities—Agency Funds	55
Discretely Presented Component Unit—School Board:		
Exhibit 15	Combining Balance Sheet	56
Exhibit 16	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	57
Exhibit 17	Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	58
Exhibit 18	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	59
Discretely Presented Component Unit—Industrial Development Authority:		
Exhibit 19	Statement of Net Position	60
Exhibit 20	Statement of Revenues, Expenses and Changes in Fund Net Position	61
Exhibit 21	Statement of Cash Flows	62
<u>Supporting Schedules:</u>		
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	63-67
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	68-72
<u>Other Statistical Information:</u>		
Table 1	Government-wide Expenses by Function	73
Table 2	Government-wide Revenues	74
Table 3	General Government Revenues by Source	75
Table 4	General Government Expenditures by Function	76
Table 5	Property Tax Levies and Collections	77
Table 6	Assessed Value of Taxable Property and Property Tax Rates	78
Table 7	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	79

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report
Year Ended June 30, 2013

Table of Contents (Continued)

Page

Compliance:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80-81
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	82-83
Schedule of Expenditures of Federal Awards	84-85
Notes to Schedule of Expenditures of Federal Awards	86
Schedule of Findings and Questioned Costs	87

County of Cumberland, Virginia

Financial Report
June 30, 2013

BOARD OF SUPERVISORS

David Meinhard, Chair
Lloyd Banks, Jr., Vice-Chair
Kevin Ingle
William F. Osl, Jr.
Parker Wheeler

COUNTY SCHOOL BOARD

Ginger Sanderson, Chair

George Lee Dowdy
Eurika Tyree

Dr. Christine Ross
George Reid, Jr.

OTHER OFFICIALS

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

Leslie M. Osborn
Kimberley S. White
Joel C. Cunningham
Carol Ownby
Robert G. Woodson, Jr.
Marvin Dunkum
Patricia D. Scales
Anita H. French
L.O. Pfeiffer, Jr.
Darrell Hodges
Amy Griffin
Karen Blackwell
Vivian S. Giles

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

Report on the Financial Statements

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 information¹ of County of Cumberland, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison information, and schedules 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 required supplementary information 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 information 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.

Other Information

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 other supplementary information and supporting schedules and other information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

Other Information (continued)

The other supplementary information and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and supporting schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Cumberland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 15, 2013

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, 2013.

Financial Highlights

Government-wide Financial Statements

- The net position of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,928,968 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing (uses) in excess of revenues by \$584,764 (Exhibit 4). General Fund contributions to the School Board totaled \$3,573,061 for the current fiscal year.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$6,576,431 an increase of \$584,764 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,179,042 or 16.3% of total general fund expenditures.
- Governmental term obligations decreased \$2,462,508 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 are comprised of 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 position presents information on all of the County's assets, deferred inflows of resources, liabilities, and deferred outflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 two major governmental funds—the General Fund and the County 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 Water and Sewer Fund provides a centralized source for water and sewer services to County residents.

Fiduciary funds—The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. 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 position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$6,928,968 at the close of the most recent fiscal year.

County of Cumberland's Net Position

	Governmental		Business-type		Totals	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 11,007,880	\$ 7,341,243	\$ 250,518	\$ 163,274	\$ 11,258,398	\$ 7,504,517
Deferred outflows	365,434	2,517,735	-	-	365,434	2,517,735
Capital assets	<u>33,406,325</u>	<u>34,055,335</u>	<u>8,804,189</u>	<u>7,694,047</u>	<u>42,210,514</u>	<u>41,749,382</u>
Total assets and deferred outflows	<u>\$ 44,779,639</u>	<u>\$ 43,914,313</u>	<u>\$ 9,054,707</u>	<u>\$ 7,857,321</u>	<u>\$ 53,834,346</u>	<u>\$ 51,771,634</u>
Long-term liabilities outstanding	\$ 37,772,008	\$ 40,916,151	\$ 2,352,794	\$ 1,449,979	\$ 40,124,802	\$ 42,366,130
Deferred inflows	3,214,516	-	-	-	3,214,516	-
Current liabilities	<u>3,342,090</u>	<u>2,581,930</u>	<u>223,970</u>	<u>47,157</u>	<u>3,566,060</u>	<u>2,629,087</u>
Total liabilities and deferred inflows	<u>\$ 44,328,614</u>	<u>\$ 43,498,081</u>	<u>\$ 2,576,764</u>	<u>\$ 1,497,136</u>	<u>\$ 46,905,378</u>	<u>\$ 44,995,217</u>
Net position:						
Net investment in capital assets	\$ (6,247,955)	\$ (5,771,446)	\$ 6,419,085	\$ 6,210,685	\$ 171,130	\$ 439,239
Restricted	397,001	787,647	-	-	397,001	787,647
Unrestricted	<u>6,301,979</u>	<u>5,400,031</u>	<u>58,858</u>	<u>149,500</u>	<u>6,360,837</u>	<u>5,549,531</u>
Total net position	<u>\$ 451,025</u>	<u>\$ 416,232</u>	<u>\$ 6,477,943</u>	<u>\$ 6,360,185</u>	<u>\$ 6,928,968</u>	<u>\$ 6,776,417</u>

The County's net position increased by \$152,551 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 position by \$34,793. Key elements of this increase are as follows:

County of Cumberland, Virginia's Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 880,222	\$ 855,409	\$ 352,383	\$ 353,855	\$ 1,232,605	\$ 1,209,264
Operating grants and contributions	2,170,663	2,311,805	-	-	2,170,663	2,311,805
Capital grants and contributions	1,131,900	1,225,495	411,359	-	1,543,259	1,225,495
General revenues:						
General property taxes	8,704,733	8,448,999	-	-	8,704,733	8,448,999
Other local taxes	965,288	1,275,387	-	-	965,288	1,275,387
Grants and other contributions not restricted	1,383,247	966,551	-	-	1,383,247	966,551
Other general revenues	447,919	325,834	6,576	1,192	454,495	327,026
Total revenues	\$ 15,683,972	\$ 15,409,480	\$ 770,318	\$ 355,047	\$ 16,454,290	\$ 15,764,527
Expenses:						
General government administration	\$ 1,295,829	\$ 1,425,743	\$ -	\$ -	\$ 1,295,829	\$ 1,425,743
Judicial administration	454,536	471,552	-	-	454,536	471,552
Public safety	2,200,219	2,238,713	-	-	2,200,219	2,238,713
Public works	1,315,917	1,263,236	-	-	1,315,917	1,263,236
Health and welfare	1,543,412	1,762,706	-	-	1,543,412	1,762,706
Education	4,045,744	5,851,389	-	-	4,045,744	5,851,389
Parks, recreation, and cultural	216,682	223,140	-	-	216,682	223,140
Community development	505,311	367,939	-	-	505,311	367,939
Interest and other fiscal charges	4,071,529	2,039,794	-	-	4,071,529	2,039,794
Water and sewer	-	-	652,560	646,448	652,560	646,448
Total expenses	\$ 15,649,179	\$ 15,644,212	\$ 652,560	\$ 646,448	\$ 16,301,739	\$ 16,290,660
Increase(decrease) in net assets before transfers	\$ 34,793	\$ (234,732)	\$ 117,758	\$ (291,401)	\$ 152,551	\$ (556,133)
Transfers	-	93,451	-	(93,451)	-	-
Change in net position	\$ 34,793	\$ (141,281)	\$ 117,758	\$ (384,852)	\$ 152,551	\$ (556,133)
Net position, July 1, 2012	416,232	557,513	6,360,185	6,745,037	6,776,417	7,302,550
Net position, June 30, 2013	\$ 451,025	\$ 416,232	\$ 6,477,943	\$ 6,360,185	\$ 6,928,968	\$ 6,746,417

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, unassigned 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 \$6,576,431, an increase of \$584,764 in comparison with the prior year. Approximately 94% of this total amount constitutes unassigned undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is segregated 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 \$23,481,751 and can be briefly summarized as follows:

- \$23,112,753 in increases for debt service - used to pay off VACO / VML bonds
- \$184,107 in increases for public safety
- \$114,921 in increases for community development

Of this increase, \$60,356 was to be funded from state and federal revenues and other sources while the remainder was budgeted from issuance of refunding bonds in the amount of \$22,833,000 and 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, 2013 totals \$42,210,514 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt—At the end of the current fiscal year, the County had total bonded debt outstanding of \$42,039,348. Of this amount \$41,310,143 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 \$729,241 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 6.5 percent in July 2013. This compares unfavorably to the state's average unemployment rate of 5.8 percent and favorably to the national rate of 7.7 percent.

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

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

The fiscal year 2014 General Fund's budget increased from \$13,814,967 to \$13,873,123. The real estate and mobile home tax rate and 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

Government-Wide Financial Statements

Statement of Net Position
At June 30, 2013

	Primary Government			Component Units	
	Govern- mental Activities	Business - Type Activities	Total	School Board	IDA
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 4,770,326	\$ 200,973	\$ 4,971,299	\$ 625,447	\$ 32,569
Restricted assets	397,001	-	397,001	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	4,443,649	-	4,443,649	-	-
Accounts receivable	61,441	42,456	103,897	51,653	-
Prepaid items	-	-	-	421,335	-
Due from component units	907,220	-	907,220	-	-
Due from other governments	358,243	77,089	435,332	439,505	-
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	\$ 11,007,880	\$ 250,518	\$ 11,258,398	\$ 1,537,940	\$ 32,569
Noncurrent Assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 142,089	\$ 22,458	\$ 164,547	\$ 121,421	\$ 535,846
Construction in progress	113,666	1,523,840	1,637,506	-	-
Equipment	211,224	64,397	275,621	541,103	-
Water and sewer lines	-	4,828,990	4,828,990	-	-
Reservoir	-	1,594,228	1,594,228	-	-
Buildings and improvements	4,475,833	770,276	5,246,109	2,293,122	1,579,971
Jointly owned assets	28,463,513	-	28,463,513	6,317,564	-
Total Noncurrent Assets	\$ 33,406,325	\$ 8,804,189	\$ 42,210,514	\$ 9,273,210	\$ 2,115,817
Total Assets	\$ 44,414,205	\$ 9,054,707	\$ 53,468,912	\$ 10,811,150	\$ 2,148,386
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated decrease in fair value of hedging derivatives	365,434	-	365,434	-	-
Total Assets and Deferred Outflows of Resources	\$ 44,779,639	\$ 9,054,707	\$ 53,834,346	\$ 10,811,150	\$ 2,148,386
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 89,585	\$ 181,130	\$ 270,715	\$ 5,273	\$ -
Accrued liabilities	-	-	-	620,335	-
Due to primary government	-	-	-	907,220	-
Customer deposits	-	1,877	1,877	-	-
Accrued interest payable	603,356	-	603,356	-	-
Derivative instrument - rate swap	365,434	-	365,434	-	-
Long-term liabilities:					
Due within one year	2,283,715	40,963	2,324,678	115,632	21,791
Due in more than one year	37,772,008	2,352,794	40,124,802	1,502,130	1,911,606
Total Liabilities	\$ 41,114,098	\$ 2,576,764	\$ 43,690,862	\$ 3,150,590	\$ 1,933,397
DEFERRED INFLOWS OF RESOURCES:					
Unearned revenue	\$ 3,214,516	-	3,214,516	-	-
NET POSITION					
Net investment in capital assets	\$ (6,247,955)	\$ 6,419,085	\$ 171,130	\$ 8,059,054	\$ 182,420
Restricted:					
Debt Service	397,001	-	397,001	-	-
Unrestricted	6,301,979	58,858	6,360,837	(398,494)	32,569
Total Net Position	\$ 451,025	\$ 6,477,943	\$ 6,928,968	\$ 7,660,560	\$ 214,989
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 44,779,639	\$ 9,054,707	\$ 53,834,346	\$ 10,811,150	\$ 2,148,386

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

COUNTY OF CUMBERLAND, VIRGINIA

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,295,829	\$ 10,564	\$ 219,347	\$ -
Judicial administration	454,536	178,501	244,534	-
Public safety	2,200,219	135,093	628,415	-
Public works	1,315,917	507,725	28,366	1,131,900
Health and welfare	1,543,412	-	1,050,001	-
Education	4,045,744	-	-	-
Parks, recreation, and cultural	216,682	38,941	-	-
Community development	505,311	9,398	-	-
Interest on long-term debt	4,071,529	-	-	-
Total governmental activities	<u>\$ 15,649,179</u>	<u>\$ 880,222</u>	<u>\$ 2,170,663</u>	<u>\$ 1,131,900</u>
Business-type activities:				
Water and Sewer	\$ 652,560	\$ 352,383	\$ -	\$ 411,359
Total business-type activities	<u>\$ 652,560</u>	<u>\$ 352,383</u>	<u>\$ -</u>	<u>\$ 411,359</u>
Total primary government	<u>\$ 16,301,739</u>	<u>\$ 1,232,605</u>	<u>\$ 2,170,663</u>	<u>\$ 1,543,259</u>
COMPONENT UNITS:				
School Board	\$ 14,843,881	\$ 247,533	\$ 10,000,016	\$ -
IDA	323,283	-	159,948	-
Total component units	<u>\$ 15,167,164</u>	<u>\$ 247,533</u>	<u>\$ 10,159,964</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use 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				
IDA contribution to County				
County contribution to School Board				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Changes in Net Position					
Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business- Type Activities	Total	School Board	IDA	
\$ (1,065,918)	\$ -	\$ (1,065,918)	\$ -	\$ -	
(31,501)	-	(31,501)	-	-	
(1,436,711)	-	(1,436,711)	-	-	
352,074	-	352,074	-	-	
(493,411)	-	(493,411)	-	-	
(4,045,744)	-	(4,045,744)	-	-	
(177,741)	-	(177,741)	-	-	
(495,913)	-	(495,913)	-	-	
(4,071,529)	-	(4,071,529)	-	-	
<u>\$ (11,466,394)</u>	<u>\$ -</u>	<u>\$ (11,466,394)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ 111,182	\$ 111,182	\$ -	\$ -	
\$ -	\$ 111,182	\$ 111,182	\$ -	\$ -	
<u>\$ (11,466,394)</u>	<u>\$ 111,182</u>	<u>\$ (11,355,212)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,596,332)	\$ -	
-	-	-	-	(163,335)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,596,332)</u>	<u>\$ (163,335)</u>	
\$ 8,704,733	\$ -	\$ 8,704,733	\$ -	\$ -	
400,488	-	400,488	-	-	
167,355	-	167,355	-	-	
234,562	-	234,562	-	-	
106,723	-	106,723	-	-	
56,160	-	56,160	-	-	
85,999	6,576	92,575	-	44,092	
361,920	-	361,920	627,621	-	
1,383,247	-	1,383,247	-	-	
-	-	-	-	(94,019)	
-	-	-	3,123,553	-	
<u>\$ 11,501,187</u>	<u>\$ 6,576</u>	<u>\$ 11,507,763</u>	<u>\$ 3,751,174</u>	<u>\$ (49,927)</u>	
\$ 34,793	\$ 117,758	\$ 152,551	\$ (845,158)	\$ (213,262)	
416,232	6,360,185	6,776,417	8,505,718	428,251	
<u>\$ 451,025</u>	<u>\$ 6,477,943</u>	<u>\$ 6,928,968</u>	<u>\$ 7,660,560</u>	<u>\$ 214,989</u>	

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2013

	General	Nonmajor County Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,769,290	\$ 1,036	\$ 4,770,326
Restricted assets	397,001	-	397,001
Receivables (Net of allowance for uncollectibles):			
Property taxes, including penalties	4,443,649	-	4,443,649
Accounts receivable	61,441	-	61,441
Due from component units	907,220	-	907,220
Due from other funds	70,000	-	70,000
Due from other governmental units	358,243	-	358,243
Total assets	<u>\$ 11,006,844</u>	<u>\$ 1,036</u>	<u>\$ 11,007,880</u>
LIABILITIES			
Accounts payable	\$ 88,937	\$ 648	\$ 89,585
Total liabilities	<u>\$ 88,937</u>	<u>\$ 648</u>	<u>\$ 89,585</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	\$ 4,341,864	\$ -	\$ 4,341,864
FUND BALANCES			
Restricted:			
Debt service	\$ 397,001	-	\$ 397,001
Assigned:			
Capital projects	-	388	388
Unassigned:			
General	6,179,042	-	6,179,042
Total fund balances	<u>\$ 6,576,043</u>	<u>\$ 388</u>	<u>\$ 6,576,431</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,006,844</u>	<u>\$ 1,036</u>	<u>\$ 11,007,880</u>

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

Total Fund Balances per Balance Sheet \$ 6,576,431

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 position includes those capital assets among the assets of the County as a whole. 33,406,325

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (603,356)

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 unearned revenues in the governmental funds and thus are not included in the fund balance. 1,127,348

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 \$40,421,157 less derivative instrument liability \$365,434). All liabilities--both current and long-term--are reported in the statement of net position. (40,055,723)

Net position of general government activities \$ 451,025

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, 2013

	General	Nonmajor County Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	\$ 8,763,622	\$ -	\$ 8,763,622
Other local taxes	973,823	-	973,823
Permits, privilege fees and regulatory licenses	64,569	-	64,569
Fines and forfeitures	167,216	-	167,216
Revenue from use of money and property	85,808	191	85,999
Charges for services	648,437	-	648,437
Miscellaneous	305,100	56,820	361,920
Intergovernmental:			
Henrico County	1,131,900	-	1,131,900
Commonwealth	2,977,962	-	2,977,962
Federal	575,948	-	575,948
Total revenues	\$ 15,694,385	\$ 57,011	\$ 15,751,396
Expenditures:			
Current:			
General government administration	\$ 1,262,090	\$ 22,103	\$ 1,284,193
Judicial administration	365,187	-	365,187
Public safety	2,133,406	10,800	2,144,206
Public works	1,366,527	-	1,366,527
Health and welfare	1,532,749	-	1,532,749
Education	3,575,934	11,870	3,587,804
Parks, recreation, and cultural	211,070	-	211,070
Community development	465,115	41,246	506,361
Nondepartmental	59,919	-	59,919
Debt service:			
Principal retirement	23,073,750	-	23,073,750
Interest and other fiscal charges	3,867,866	-	3,867,866
Total expenditures	\$ 37,913,613	\$ 86,019	\$ 37,999,632
Excess (deficiency) of revenues over (under) expenditures	\$ (22,219,228)	\$ (29,008)	\$ (22,248,236)
Other financing sources (uses):			
Transfers in	\$ 3,300	\$ 22,706	\$ 26,006
Issuance of refunding bonds	22,833,000	-	22,833,000
Transfers (out)	(22,706)	(3,300)	(26,006)
Total other financing sources (uses)	\$ 22,813,594	\$ 19,406	\$ 22,833,000
Net change in fund balances	\$ 594,366	\$ (9,602)	\$ 584,764
Fund balances at beginning of year	5,981,677	9,990	5,991,667
Fund balances at end of year	\$ 6,576,043	\$ 388	\$ 6,576,431

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, 2013

	Primary Governmental Funds
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Net change in fund balances - total governmental funds	\$ 584,764
<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 depreciation exceeded the capital outlays in the current period. The following details support this adjustment.</p>	
Capital outlay	\$ 44,988
Depreciation expense	<u>(1,133,506)</u> (1,088,518)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(10,000)
Transfer of joint tenancy assets from Primary Government to the Component Unit	449,508
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.	(7,505)
<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 position. 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	\$ 22,838,834
Proceeds from refunding bonds	(22,833,000)
Change in landfill closure and post-closure care	139,779
Principal retired on state literary fund loans	<u>166,667</u>
	312,280
<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 compensated absences	\$ (2,073)
Change in accrued interest payable	<u>(203,663)</u> (205,736)
Change in net position of governmental activities	<u>\$ 34,793</u>

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

Statement of Net Position - Proprietary Funds
At June 30, 2013

	<u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 200,973
Accounts receivable	42,456
Due from federal government	<u>77,089</u>
Total current assets	<u>\$ 320,518</u>
Noncurrent assets:	
Capital Assets:	
Land	\$ 22,458
Construction in progress	1,523,840
Equipment, net of depreciation	64,397
Water and sewer lines, net of depreciation	4,828,990
Reservoir, net of depreciation	1,594,228
Buildings and improvements, net of depreciation	<u>770,276</u>
Total noncurrent assets	<u>\$ 8,804,189</u>
Total Assets	<u><u>\$ 9,124,707</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 181,130
Customer deposits	1,877
Due to other funds	70,000
Long-term obligations, current portion	<u>40,963</u>
Total current liabilities	<u>\$ 293,970</u>
Noncurrent liabilities:	
Long-term obligations, non current portion	<u>\$ 2,352,794</u>
Total Liabilities	<u>\$ 2,646,764</u>
Net Position	
Net investment in capital assets	\$ 6,419,085
Unrestricted assets	<u>58,858</u>
Total Net Position	<u>\$ 6,477,943</u>
Total Liabilities and Net Position	<u><u>\$ 9,124,707</u></u>

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

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2013

	<u>Water & Sewer Fund</u>
Operating revenues:	
Water	\$ 90,845
Sewer	239,285
Other charges for services	<u>22,253</u>
Total revenues	<u>\$ 352,383</u>
Operating expenses:	
Salaries	\$ 137,334
Fringe benefits	12,206
Contracted services	9,809
Other operating expenses	129,076
Depreciation	<u>297,089</u>
Total operating expenses	<u>\$ 585,514</u>
Operating income (loss)	<u>\$ (233,131)</u>
Non-operating revenues (expenses):	
Interest income	\$ 6,576
Interest expense	<u>(67,046)</u>
Total non-operating revenues (expenses)	<u>\$ (60,470)</u>
Net income (loss) before capital contributions	\$ (293,601)
Capital contributions	<u>411,359</u>
Change in net position	\$ 117,758
Net position, beginning of year	<u>6,360,185</u>
Net position, end of year	<u><u>\$ 6,477,943</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, 2013

	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 320,776
Payments for salaries and fringe benefits	(146,392)
Payments for operating activities	<u>(112,121)</u>
Net cash provided by (used for) operating activities	<u>\$ 62,263</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (37,258)
Capital grants	334,270
Proceeds from debt issued	939,000
Purchase of capital assets	(1,259,899)
Interest paid on loans	<u>(67,046)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (90,933)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 6,576</u>
Net cash provided by (used for) investing activities	<u>\$ 6,576</u>
Increase (decrease) in cash and cash equivalents	\$ (22,094)
Cash and cash equivalents at beginning of year	<u>223,067</u>
Cash and cash equivalents at end of year	<u><u>\$ 200,973</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (233,131)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operations:	
Depreciation	297,089
Changes in operating assets and liabilities:	
(Increase)/decrease in accounts receivable	(32,249)
Increase/(decrease) in accounts payable	26,764
Increase/(decrease) in customer deposits	642
Increase/(decrease) in compensated absences	<u>3,148</u>
Net cash provided by (used for) operating activities	<u><u>\$ 62,263</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>565,830</u>
LIABILITIES	
Amounts held for others	\$ <u>565,830</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, 2013

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 position 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, effects of interfund activity have 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 Position—The Statement of Net Position 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 Position and will report depreciation expense - the cost of "using up" capital assets-in the Statement of Activities. The net position of a government will be broken down into three categories-1) net investment in capital assets; 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, 2013 (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.

B. Individual Component Unit Disclosures

Blended Component Units—The County has no blended component units to be included for the fiscal year ended June 30, 2013.

Discretely Presented Component Units

Cumberland County School Board 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, 2013.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

B. Individual Component Unit Disclosure: (Continued)

Cumberland County Industrial Development Authority The IDA Board members are appointed by the Board of Supervisors and are responsible for the industrial development in the County. The IDA is fiscally dependent on the County. The primary funding is from the General Fund of the County. The IDA does not issue a separate financial report and does not have separate taxing powers. The financial statements of the IDA are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2013.

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.

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 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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.

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The 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 and report all financial transactions and resources except those required to be accounted for and reported 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 reporting purposes.

b. Capital Projects Fund

The Capital Projects Fund 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. The County Capital Improvements Fund is considered a non-major fund.

2. Proprietary Funds

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

Enterprise Funds

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water and Sewer Fund.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

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, which consist of the Special Welfare Fund, Sheriff's Forfeiture Fund and the Health Insurance Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

4. Component Unit

The Cumberland County School Board has the following funds:

Governmental Fund:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Buckingham and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a major 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 30, 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

E. Budgets and Budgetary Accounting (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. 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 budgetary data presented in the accompanying financial statements is the original budget at June 30.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Restricted cash consists of reserve accounts established as required by Rural Development bond covenants.

G. Investments

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

H. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Receivables and Payables

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

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 \$97,876 at June 30, 2013 and is comprised of property taxes in the amount of \$78,188 and utility accounts in the amount of \$19,688.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

I. Receivables and Payables (Continued)

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.

J. 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life 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 is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2013.

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the derivative instrument reported in the government-wide statement of net position.

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

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivables is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

L. 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 Position. 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.

M. Long-term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities. 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 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

N. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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's 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).

O. 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.

P. 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

Q. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

R. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board:

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board:

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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).

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, 2013 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments	County's Rate Debt Investments' Values	
	Fair Quality Ratings	
	AAA	Unrated
Local Government Investment Pool	\$ 5,259	\$ -
U.S. Treasury Money Market	12,376	-
Bear Stearns Fund		384,625
Total	\$ <u>17,635</u>	\$ <u>384,625</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk:

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

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Bear Stearns Fund	\$ <u>384,625</u>	\$ <u>384,625</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

External Investment Pools:

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

Note 3—Due From Other Governmental Units:

At June 30, 2013 the County and School Board had receivables from other governments as follows:

	Primary Government	Component Unit - School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 251,808
Local sales taxes	66,793	-
Communication taxes	61,912	-
Public assistance	29,854	-
Comprehensive services	15,468	-
Shared expenses	80,015	-
Other	41,067	16,442
Federal Government:		
School funds	-	171,255
Rural utilities services grant	77,089	-
Public assistance	47,666	-
Total	\$ <u>435,332</u>	\$ <u>439,505</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

Primary Government:

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

Details of obligations between the primary government and its component units as of June 30, 2013 are as follows:

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 907,220	\$ -
Component Unit-School Board:		
School Operating	-	907,220
Total	<u>\$ 907,220</u>	<u>\$ 907,220</u>

Note 5—Interfund Transfers:

Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 3,300	\$ 22,706
County Capital Projects	22,706	3,300
Total	<u>\$ 26,006</u>	<u>\$ 26,006</u>

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Governmental Activities:				
County:				
Capital assets, not being depreciated:				
Land	\$ 142,089	\$ -	\$ -	\$ 142,089
Construction in progress	113,666	-	-	113,666
Total capital assets not being depreciated	\$ 255,755	\$ -	\$ -	\$ 255,755
Capital assets being depreciated:				
Buildings and improvements	\$ 6,790,627	\$ -	\$ -	\$ 6,790,627
Equipment	2,547,833	44,988	25,000	2,567,821
Jointly owned assets	32,476,773	449,508	-	32,926,281
Total capital assets being depreciated	\$ 41,815,233	\$ 494,496	\$ 25,000	\$ 42,284,729
Accumulated depreciation:				
Buildings and improvements	\$ 2,136,229	\$ 178,565	\$ -	\$ 2,314,794
Equipment	2,255,855	115,742	15,000	2,356,597
Jointly owned assets	3,623,569	839,199	-	4,462,768
Total accumulated depreciation	\$ 8,015,653	\$ 1,133,506	\$ 15,000	\$ 9,134,159
Total capital assets being depreciated, net	\$ 33,799,580	\$ (639,010)	\$ 10,000	\$ 33,150,570
Governmental activities capital assets, net	\$ 34,055,335	\$ (639,010)	\$ 10,000	\$ 33,406,325

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 6—Capital Assets: (Continued)

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

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Business-type activities:				
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 22,458	\$ -	\$ -	\$ 22,458
Construction in progress	<u>151,599</u>	<u>1,372,241</u>	<u>-</u>	<u>1,523,840</u>
Total capital assets not being depreciated	<u>\$ 174,057</u>	<u>\$ 1,372,241</u>	<u>\$ -</u>	<u>\$ 1,546,298</u>
Capital assets being depreciated:				
Equipment	\$ 142,622	\$ 34,990	\$ -	\$ 177,612
Water and sewer lines	7,335,128	-	-	7,335,128
Reservoir	1,932,398	-	-	1,932,398
Buildings and improvements	<u>1,511,814</u>	<u>-</u>	<u>-</u>	<u>1,511,814</u>
Total capital assets being depreciated	<u>\$ 10,921,962</u>	<u>\$ 34,990</u>	<u>\$ -</u>	<u>\$ 10,956,952</u>
Accumulated depreciation:				
Equipment	\$ 95,075	\$ 18,140	\$ -	\$ 113,215
Water and sewer lines	2,322,760	183,378	-	2,506,138
Reservoir	289,860	48,310	-	338,170
Buildings and improvements	<u>694,277</u>	<u>47,261</u>	<u>-</u>	<u>741,538</u>
Total accumulated depreciation	<u>\$ 3,401,972</u>	<u>\$ 297,089</u>	<u>\$ -</u>	<u>\$ 3,699,061</u>
Total capital assets being depreciated, net	<u>\$ 7,519,990</u>	<u>\$ (262,099)</u>	<u>\$ -</u>	<u>\$ 7,257,891</u>
Business-type capital assets, net	<u>\$ 7,694,047</u>	<u>\$ 1,110,142</u>	<u>\$ -</u>	<u>\$ 8,804,189</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 6—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</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	\$ 6,017,448	\$ -	\$ -	\$ 6,017,448
Equipment	3,180,072	8,991	-	3,189,063
Jointly owned assets	8,447,425	-	449,508	7,997,917
Total capital assets being depreciated	<u>\$ 17,644,945</u>	<u>\$ 8,991</u>	<u>\$ 449,508</u>	<u>\$ 17,204,428</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,658,258	\$ 66,068	\$ -	\$ 3,724,326
Equipment	2,564,848	83,112	-	2,647,960
Jointly owned assets	1,434,089	246,264	-	1,680,353
Total accumulated depreciation	<u>\$ 7,657,195</u>	<u>\$ 395,444</u>	<u>\$ -</u>	<u>\$ 8,052,639</u>
Total capital assets being depreciated, net	<u>\$ 9,987,750</u>	<u>\$ (386,453)</u>	<u>\$ 449,508</u>	<u>\$ 9,151,789</u>
Governmental activities capital assets, net	<u>\$ 10,109,171</u>	<u>\$ (386,453)</u>	<u>\$ 449,508</u>	<u>\$ 9,273,210</u>
Industrial Development Authority:				
Capital assets, not being depreciated:				
Land	\$ 535,846	\$ -	\$ -	\$ 535,846
Capital assets being depreciated:				
Buildings and improvements	\$ 1,705,691	\$ -	\$ -	\$ 1,705,691
Accumulated depreciation:				
Buildings and improvements	83,078	42,642	-	125,720
Total capital assets being depreciated, net	<u>\$ 1,622,613</u>	<u>\$ (42,642)</u>	<u>\$ -</u>	<u>\$ 1,579,971</u>
Business-type capital assets, net	<u>\$ 2,158,459</u>	<u>\$ (42,642)</u>	<u>\$ -</u>	<u>\$ 2,115,817</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 6—Capital Assets: (Continued)

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

Governmental activities:		
General government administration	\$	8,197
Judicial administration		89,532
Public safety		101,842
Public works		84,891
Health and welfare		4,426
Education		839,199
Parks, recreation and cultural		3,640
Community development		<u>1,779</u>
Total	\$	<u>1,133,506</u>
Component Unit-School Board	\$	<u>149,180</u> *
Business-type activities:		
Water and Sewer Fund	\$	<u>297,089</u>
Industrial Development Authority	\$	<u>42,642</u>
* Depreciation expense above	\$	149,180
Accumulated depreciation - joint tenancy assets		<u>246,264</u>
Total accumulated depreciation prior page	\$	<u>395,444</u>

Note 7—Restricted Assets:

Restricted assets at June 30, 2013 consist of the following:

Cash reserves for debt service-courthouse	\$	<u>397,001</u>
Total	\$	<u>397,001</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 8—Unearned/Unavailable Revenue:

Unearned/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned/unavailable revenue totaling \$4,341,864 is comprised of the following:

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unearned property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 1,127,348
2nd half assessments due in December 2013	3,097,690	3,097,690
Prepaid property taxes due in December 2013, but paid in advance by the taxpayers.	<u>116,826</u>	<u>116,826</u>
Total unearned	<u>\$ 3,214,516</u>	<u>\$ 4,341,864</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Issuances / Increases	Retirements / Decreases	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 220,124	\$ 88,049	\$ 85,976	\$ 222,197	\$ 22,238
Landfill closure and post closure	319,025	-	139,779	179,246	-
General obligations bonds	14,266,782	22,833,000	4,283,834	32,815,948	1,914,810
VACO/VML direct loan program	23,060,000	-	18,555,000	4,505,000	180,000
Derivative instrument liability	2,517,735	-	2,152,301	365,434	-
State literary fund loans	2,499,999	-	166,667	2,333,332	166,667
Total Governmental Activities	\$ 42,883,665	\$ 22,921,049	\$ 25,383,557	\$ 40,421,157	\$ 2,283,715
Reconciliation to amounts reported on Exhibit 1:					
Total above				\$ 40,421,157	
Less: Derivative instrument liability				(365,434)	
Total as adjusted				\$ 40,055,723	
Per Exhibit 1:					
Due within one year				\$ 2,283,715	
Due in more than one year				37,772,008	
Total as adjusted				\$ 40,055,723	
	Balance July 1, 2012	Issuances / Increases	Retirements / Decreases	Balance June 30, 2013	Amounts Due Within One Year
Business-Type Activities:					
Water and Sewer Fund:					
Compensated absences	\$ 5,505	\$ 3,148	\$ -	\$ 8,653	\$ 865
Revenue Bonds	1,483,362	939,000	37,258	2,385,104	40,098
Total Business-Type Activities	\$ 1,488,867	\$ 942,148	\$ 37,258	\$ 2,393,757	\$ 40,963
Total primary government	\$ 44,372,532	\$ 23,863,197	\$ 25,420,815	\$ 42,449,480	\$ 2,324,678

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30,	Governmental						Business-Type	
	General Obligation Bonds		State Literary Fund Loans		VACO/VML Note Long-Term		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,914,810	\$ 1,166,064	\$ 166,667	\$ 70,000	\$ 180,000	\$ 213,066	\$ 40,098	\$ 77,994
2015	1,976,360	1,088,747	166,667	65,000	190,000	203,281	58,457	81,235
2016	2,032,514	1,008,866	166,667	60,000	195,000	193,404	60,670	79,022
2017	2,110,304	926,081	166,667	55,000	205,000	183,969	63,081	76,612
2018	2,173,764	840,191	166,667	50,000	215,000	173,885	65,540	74,152
2019	1,862,928	763,503	166,667	45,000	225,000	163,160	68,104	71,588
2020	1,913,834	696,534	166,667	40,000	235,000	152,053	70,730	68,962
2021	1,964,518	627,769	166,667	35,000	245,000	140,214	73,562	66,130
2022	2,017,024	557,169	166,666	30,000	260,000	127,855	76,466	63,226
2023	2,071,928	487,083	166,666	25,000	270,000	114,986	79,494	60,198
2024	1,876,612	417,964	166,666	20,000	285,000	101,449	82,609	57,083
2025	1,925,584	347,437	166,666	15,000	295,000	87,402	85,943	53,749
2026	1,985,548	274,881	166,666	10,000	310,000	72,547	89,376	50,316
2027	2,041,556	200,170	166,666	5,000	325,000	57,003	92,956	46,736
2028	2,103,664	123,250	-	-	340,000	40,823	96,652	43,040
2029	1,400,000	63,492	-	-	355,000	23,887	100,584	39,108
2030	1,445,000	21,386	-	-	375,000	6,051	104,646	35,046
2031	-	-	-	-	-	-	108,883	30,809
2032	-	-	-	-	-	-	113,271	26,421
2033	-	-	-	-	-	-	117,915	21,777
2034	-	-	-	-	-	-	122,726	16,966
2035	-	-	-	-	-	-	95,663	12,157
2036	-	-	-	-	-	-	31,594	10,195
2037	-	-	-	-	-	-	25,786	9,602
2038	-	-	-	-	-	-	26,314	9,074
2039	-	-	-	-	-	-	26,852	8,536
2040	-	-	-	-	-	-	27,380	8,008
2041	-	-	-	-	-	-	27,963	7,426
2042	-	-	-	-	-	-	28,535	6,853
2043	-	-	-	-	-	-	29,119	6,269
2044	-	-	-	-	-	-	29,700	5,688
2045	-	-	-	-	-	-	30,323	5,065
2046	-	-	-	-	-	-	30,943	4,445
2047	-	-	-	-	-	-	31,577	3,811
2048	-	-	-	-	-	-	32,215	3,173
2049	-	-	-	-	-	-	32,882	2,506
2050	-	-	-	-	-	-	33,555	1,833
2051	-	-	-	-	-	-	34,242	1,146
2052	-	-	-	-	-	-	34,942	446
2053	-	-	-	-	-	-	3,756	6
Total	\$ 32,815,948	\$ 9,610,587	\$ 2,333,332	\$ 525,000	\$ 4,505,000	\$ 2,055,035	\$ 2,385,104	\$ 1,246,409

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Long-Term Obligations (Continued)

Primary Government: (continued)

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

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%	\$ 1,595,000
\$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%	9,227,948
\$2,223,000 refunding obligation dated September 6, 2012, payable in various principal annual installments through July 15, 2022, interest payable semi-annually at 2.31%	2,223,000
\$20,610,000 refunding obligation dated August 16, 2012, payable in various principal annual installments through December 1, 2029, interest payable semi-annually at 2.96%	<u>19,770,000</u>
Total General Obligation Bonds	<u>\$ 32,815,948</u>

VACO/VMLDIRECT LOAN PROGRAM:

\$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%	<u>\$ 4,505,000</u>
Total VACO/VML DIRECT LOAN PROGRAM	<u>\$ 4,505,000</u>

State Literary Fund Loans:

\$5,000,000, issued February 27, 1997, due in principal annual installments of \$166,667, interest payable annually at 3%	<u>\$ 2,333,332</u>
Total State Literary Fund Loans	<u>\$ 2,333,332</u>
Compensated absences	<u>\$ 222,197</u>
Landfill closure and post closure	<u>\$ 179,246</u>
Total governmental fund long-term obligations	<u><u>\$ 40,055,723</u></u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Long-Term Obligations (Continued)

Primary Government: (continued)

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. \$ 1,178,645

\$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. 267,459

\$939,000 series 2012 Sewer Revenue Bonds issued June 1, 2012 through the Commonwealth of Virginia. Interest payable at 2.00%, interest payable on the first and second anniversary dates of closing and thereafter payable in monthly installments of combined principal and interest of \$2,949 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. 939,000

Total Revenue Bonds \$ 2,385,104

Compensated absences 8,653

Total Business-Type Activities \$ 2,393,757

Total Primary Government \$ 42,449,480

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Long-Term Obligations (Continued)

Primary Government: (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. 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. 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 \$4,870,434 is more than the balance outstanding on the bonds payable of \$4,505,000. The difference of \$365,434 is reported in these financial statements as a derivative instrument as a deferred outflow within the long-term obligations of the County.

A corresponding deferred outflow of resources is reported on the statement of net position as a reduction to total liabilities before computing net position. 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>
Fair value	\$	365,434
Change in fair value		(230,605)

Component Unit School Board:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2013:

	Balance Payable at <u>July 1, 2012</u>	Issuances / Increases	Retirements / Decreases	Balance Payable at <u>June 30, 2013</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 356,944	\$ 82,356	\$ 35,694	\$ 403,606	\$ 40,361
Ameresco Performance Contract	<u>1,282,405</u>	<u>-</u>	<u>68,249</u>	<u>1,214,156</u>	<u>75,271</u>
Total	<u>\$ 1,639,349</u>	<u>\$ 82,356</u>	<u>\$ 103,943</u>	<u>\$ 1,617,762</u>	<u>\$ 115,632</u>
Industrial Development Authority Rural Development Loan	<u>\$ 1,955,339</u>	<u>\$ -</u>	<u>\$ 21,942</u>	<u>\$ 1,933,397</u>	<u>\$ 21,791</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Long-Term Obligations (Continued)

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

Year Ending June 30,	School Board		IDA	
	Ameresco Performance Contract		Rural Development Loan	
	Principal	Interest	Principal	Interest
2014	\$ 75,271	\$ 58,887	\$ 21,791	\$ 80,449
2015	82,742	55,236	22,720	79,520
2016	90,685	51,223	23,472	78,768
2017	99,127	46,825	24,689	77,551
2018	108,096	42,017	25,742	76,498
2019	117,620	36,774	26,839	75,401
2020	127,730	31,070	27,779	74,461
2021	138,458	24,875	29,168	73,072
2022	149,838	18,160	30,411	71,829
2023	161,905	10,893	31,708	70,532
2024	62,684	3,040	32,869	69,371
2025	-	-	34,461	67,779
2026	-	-	35,930	66,310
2027	-	-	37,462	64,778
2028	-	-	38,885	63,355
2029	-	-	40,717	61,523
2030	-	-	42,453	59,787
2031	-	-	44,263	57,977
2032	-	-	45,996	56,244
2033	-	-	48,111	54,129
2034	-	-	50,162	52,078
2035	-	-	52,301	49,939
2036	-	-	54,400	47,840
2037	-	-	56,850	45,390
2038	-	-	59,274	42,966
2039	-	-	61,801	40,439
2040	-	-	64,333	37,907
2041	-	-	67,179	35,061
2042	-	-	70,043	32,197
2043	-	-	73,029	29,211
2044	-	-	76,072	26,168
2045	-	-	79,386	22,854
2046	-	-	82,770	19,470
2047	-	-	86,299	15,941
2048	-	-	89,978	12,261
2049	-	-	93,814	8,426
2050	-	-	97,814	4,426
2051	-	-	52,426	661
Total	\$ 1,214,156	\$ 379,000	\$ 1,933,397	\$ 1,902,569

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Long-Term Obligations (Continued)

Details of long-term obligations are as follows:

Component Unit School Board:

Ameresco performance contract lease dated June 13, 2005, payable in various annual installments through June 2024. Interest payable at 4.85%. The energy contract was undertaken to save the Cumberland County Schools energy savings.	\$ 1,214,156
Compensated absences	<u>403,606</u>
Total long-term obligations	<u>\$ 1,617,762</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>\$ 1,933,397</u>
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Debt Redemption:

On August 16, 2012, the County issued \$20,610,000 of Revenue Refunding Bonds, Series 2012 to currently refund \$18,385,000 of VACO/VML public improvement note, Series 2008, issued on December 17, 2008 and to pay off the Swap termination agreement in the amount of \$2,006,000. As a result, the VACO/VML public improvement note issued on December 17, 2008 is considered to be redeemed and the liability for these bonds has been removed from the Statement of Net Position. The County currently refunded these bonds to reduce its total debt service payments by approximately \$702,842 and has estimated the economic gain (net present value savings) of \$577,078. The reacquisition price equaled the carrying value of the old debt.

On September 6, 2012, the County issued \$2,223,000 of Revenue Refunding Bonds, Series 2012 to currently refund \$2,505,000 of general obligation bonds, issued on October 1, 2001. As a result, the general obligation bonds issued on October 1, 2001 is considered to be redeemed and the liability for these bonds has been removed from the Statement of Net Position. The County currently refunded these bonds to reduce its total debt service payments by approximately \$352,652 and has estimated the economic gain (net present value savings) of \$258,284. The reacquisition price equaled the carrying value of the old debt.

Note 10—Landfill Closure and Post Closure 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 post closure cost of \$179,246 over the next eight years. All amounts recognized are based on what it would cost to perform all closure and post closure care at year-end. Actual cost may be higher due to inflation. If these estimates are inadequate or additional post closure 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, 2013 (Continued)

Note 11—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 (professional) employees of public school divisions and employees of participating employers 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 service 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 were vested as of January 1, 2013 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 as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

A. Plan Description (Continued)

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 most recent report may be obtained from the VRS Web Site at <http://www.varetire.org/Pdf/Publications/2012-Annual-Report.pdf> or obtained 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 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's contribution rates for the fiscal year ended 2013 were 11.28% and 6.15% of annual covered payroll.

The School Board's contributions for professional employees were \$770,332, \$433,633 and \$623,853 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012, and 2011, respectively and these contributions represented 11.66%, 6.33%, and 3.93% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the County's annual pension cost of \$355,623 was equal to the County's required and actual contributions.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

For fiscal year 2013, the County School Board’s annual pension cost for the Board’s non-professional employees was \$41,494 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, 2013	\$ 41,494	100%	\$ -
June 30, 2012	37,884	100%	\$ -
June 30, 2011	38,129	100%	-

(1) Employer portion

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% for teachers, 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 for Plan 1 employees and 2.25% for Plan 2 employees. 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. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County’s plan was 76.84% funded. The actuarial accrued liability for benefits was \$10,812,016, and the actuarial value of assets was \$8,308,179, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,503,837. The covered payroll (annual payroll of active employees covered by the plan) was \$3,051,065 and ratio of the UAAL to the covered payroll was 82.06%.

As of June 30, 2012 the most recent actuarial valuation date, the School Board’s plan was 99.67% funded. The actuarial accrued liability for benefits was \$2,178,368, and the actuarial value of assets was \$2,171,174 resulting in an unfunded actuarial accrued liability (UAAL) of \$7,194. The covered payroll (annual payroll of active employees covered by the plan) was \$699,029, and ratio of UAAL to the covered payroll was 1.03%.

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 (AAL) for benefits.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 12—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 13—Litigation:

At June 30, 2013, 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.

Note 14—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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 15—Commitments and Contingencies:

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.

At June 30, 2013, the County has the following construction project which is presented as part of construction in progress in the Water and Sewer Fund. Presented below is information regarding this contract at June 30, 2013:

<u>Project</u>	<u>Contract Amount</u>	<u>Expenditures to Date</u>	<u>Balance of Contract</u>
Route 60 Waterline extension	\$ 1,595,496	\$ 1,189,966	\$ 405,530

Note 16—Other Post Employment Benefits:

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 GASB 45 and believes there is no material effect on the County's financial position.

Note 17—Pending GASB Statements

The Governmental Accounting Standards Board has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statement No. 27 and No.50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No.27 and No.50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual -- General Fund
 Year Ended June 30, 2013

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 8,414,500	\$ 8,414,500	\$ 8,763,622	\$ 349,122
Other local taxes	959,000	959,000	973,823	14,823
Permits, privilege fees and regulatory licenses	73,100	73,100	64,569	(8,531)
Fines and forfeitures	145,000	145,000	167,216	22,216
Revenue from use of money and property	69,400	75,084	85,808	10,724
Charges for services	645,600	674,066	648,437	(25,629)
Miscellaneous	225,000	241,396	305,100	63,704
Intergovernmental:				
Henrico County	1,131,900	1,131,950	1,131,900	(50)
Commonwealth	2,950,746	3,004,586	2,977,962	(26,624)
Federal	901,421	915,347	575,948	(339,399)
Total revenues	\$ 15,515,667	\$ 15,634,029	\$ 15,694,385	\$ 60,356
Expenditures:				
Current:				
General government administration	\$ 1,310,641	\$ 1,314,411	\$ 1,262,090	\$ 52,321
Judicial administration	376,856	394,629	365,187	29,442
Public safety	2,018,605	2,202,712	2,133,406	69,306
Public works	1,294,283	1,367,004	1,366,527	477
Health and welfare	2,135,024	2,105,626	1,532,749	572,877
Education	3,927,292	3,944,065	3,575,934	368,131
Parks, recreation, and cultural	192,746	211,071	211,070	1
Community development	368,762	483,683	465,115	18,568
Nondepartmental	90,717	60,723	59,919	804
Debt service:				
Principal retirement	2,031,885	23,091,885	23,073,750	18,135
Interest and other fiscal charges	1,796,978	3,849,731	3,867,866	(18,135)
Total expenditures	\$ 15,543,789	\$ 39,025,540	\$ 37,913,613	\$ 1,111,927
Excess (deficiency) of revenues over (under) expenditures	\$ (28,122)	\$ (23,391,511)	\$ (22,219,228)	\$ 1,172,283
Other financing sources (uses):				
Transfers in	\$ 28,122	\$ 3,300	\$ 3,300	\$ -
Issuance of refunding bonds	-	22,833,000	22,833,000	-
Transfers (out)	-	(22,706)	(22,706)	-
Total other financing sources (uses)	\$ 28,122	\$ 22,813,594	\$ 22,813,594	\$ -
Net change in fund balance	\$ -	\$ (577,917)	\$ 594,366	\$ 1,172,283
Fund balance at beginning of year	-	577,917	5,981,677	5,403,760
Fund balance at end of year	\$ -	\$ -	\$ 6,576,043	\$ 6,576,043

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

County:

Actuarial Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2) (4)	Funded Ratio (2) (3) (5)	Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2012	\$ 8,308,179	\$ 10,812,016	\$ 2,503,837	76.84%	\$ 3,051,065	82.06%
6/30/2011	8,104,524	9,976,887	1,872,363	81.23%	2,719,937	68.84%
6/30/2010	7,721,134	9,665,486	1,944,352	79.88%	3,011,657	64.56%

School Board Non-Professional:

Actuarial Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2) (4)	Funded Ratio (2) (3) (5)	Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2012	\$ 2,171,174	\$ 2,178,368	\$ 7,194	99.67%	\$ 699,029	1.03%
6/30/2011	2,173,296	2,114,263	(59,033)	102.79%	673,208	(8.77%)
6/30/2010	2,123,277	1,982,454	(140,823)	107.10%	722,786	(19.48%)

Other Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -- Capital Projects Funds
 Year Ended June 30, 2013

	County Capital Projects Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 191	\$ 191
Miscellaneous	45,555	45,555	56,820	11,265
Intergovernmental:				
Commonwealth	-	19,906	-	(19,906)
Federal	-	310,737	-	(310,737)
Total revenues	\$ 45,555	\$ 376,198	\$ 57,011	\$ (319,187)
Expenditures:				
Current:				
General government administration	\$ 45,000	\$ 40,310	\$ 22,103	\$ 18,207
Public safety	-	10,800	10,800	-
Education	-	11,870	11,870	-
Community development	11,820	1,310,889	41,246	1,269,643
Total expenditures	\$ 56,820	\$ 1,373,869	\$ 86,019	\$ 1,287,850
Excess (deficiency) of revenues over (under) expenditures	\$ (11,265)	\$ (997,671)	\$ (29,008)	\$ 968,663
Other financing sources (uses):				
Transfers in	\$ 11,265	\$ 33,971	\$ 22,706	\$ (11,265)
Issuance of revenue bonds	-	939,000	-	(939,000)
Transfers (out)	-	(3,300)	(3,300)	-
Total other financing sources (uses)	\$ 11,265	\$ 969,671	\$ 19,406	\$ (950,265)
Net change in fund balances	\$ -	\$ (28,000)	\$ (9,602)	\$ 18,398
Fund balance at beginning of year	-	28,000	9,990	(18,010)
Fund balance at end of year	\$ -	\$ -	\$ 388	\$ 388

Combining Statement of Fiduciary Net Position -
 Agency Funds
 At June 30, 2013

	Agency Funds			Totals
	Special Welfare Fund	Health Insurance Fund	Sheriff's Forfeiture Fund	
ASSETS				
Cash and cash equivalents	\$ 18,989	\$ 441,565	\$ 105,276	\$ 565,830
Total assets	<u>\$ 18,989</u>	<u>\$ 441,565</u>	<u>\$ 105,276</u>	<u>\$ 565,830</u>
LIABILITIES				
Amounts held for sheriff	\$ -	\$ -	\$ 105,276	\$ 105,276
Amounts held for social services clients	18,989	-	-	18,989
Amounts held for insurance benefits	-	441,565	-	441,565
Total liabilities	<u>\$ 18,989</u>	<u>\$ 441,565</u>	<u>\$ 105,276</u>	<u>\$ 565,830</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2013

	<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	\$ 13,382	\$ 23,596	\$ 17,989	\$ 18,989
Liabilities:				
Amounts held for social service clients	\$ 13,382	\$ 23,596	\$ 17,989	\$ 18,989
Sheriff's Forfeiture Fund:				
Assets:				
Cash and cash equivalents	\$ 129,077	\$ 5,076	\$ 28,877	\$ 105,276
Liabilities:				
Amounts held for sheriff	\$ 129,077	\$ 5,076	\$ 28,877	\$ 105,276
Health Insurance Fund:				
Assets:				
Cash and cash equivalents	\$ 67,802	\$ 2,103,745	\$ 1,729,982	\$ 441,565
Liabilities:				
Amounts held for insurance benefits	\$ 67,802	\$ 2,103,745	\$ 1,729,982	\$ 441,565
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 210,261	\$ 2,132,417	\$ 1,776,848	\$ 565,830
Liabilities:				
Amounts held for social service clients	\$ 13,382	\$ 23,596	\$ 17,989	\$ 18,989
Amounts held for insurance benefits	67,802	2,103,745	1,729,982	441,565
Amounts held for sheriff	129,077	5,076	28,877	105,276
Total liabilities	\$ 210,261	\$ 2,132,417	\$ 1,776,848	\$ 565,830

Discretely Presented Component Unit-School Board

Combining Balance Sheet -
Discretely Presented Component Unit - School Board
At June 30, 2013

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 620,335	\$ 5,112	\$ 625,447
Accounts receivable	51,653	-	51,653
Prepaid items	421,335	-	421,335
Due from other governmental units	<u>439,505</u>	<u>-</u>	<u>439,505</u>
Total assets	<u>\$ 1,532,828</u>	<u>\$ 5,112</u>	<u>\$ 1,537,940</u>
LIABILITIES			
Accounts payable	\$ 5,273	\$ -	\$ 5,273
Accrued liabilities	620,335	-	620,335
Due to primary government	<u>907,220</u>	<u>-</u>	<u>907,220</u>
Total liabilities	<u>\$ 1,532,828</u>	<u>\$ -</u>	<u>\$ 1,532,828</u>
FUND BALANCES			
Restricted:			
Special Revenue	\$ -	\$ 5,112	\$ 5,112
Total fund balances	<u>\$ -</u>	<u>\$ 5,112</u>	<u>\$ 5,112</u>

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

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 position includes those capital assets among the assets of the School Board as a whole.

9,273,210

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 position.

(1,617,762)

Net position of General Government Activities \$ 7,660,560

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2013

	School Operating	School Cafeteria	Total
Revenues:			
Charges for services	\$ 3,623	\$ 243,910	\$ 247,533
Miscellaneous	623,455	4,166	627,621
Intergovernmental:			
County contribution to School Board	3,573,061	-	3,573,061
Commonwealth	8,135,072	-	8,135,072
Federal	1,864,944	-	1,864,944
Total revenues	\$ 14,200,155	\$ 248,076	\$ 14,448,231
Expenditures:			
Education	\$ 13,623,583	\$ 855,432	\$ 14,479,015
Total expenditures	\$ 13,623,583	\$ 855,432	\$ 14,479,015
Excess (deficiency) of revenues over (under) expenditures	\$ 576,572	\$ (607,356)	\$ (30,784)
Other financing sources (uses):			
Transfers in	\$ -	\$ 576,572	\$ 576,572
Transfers (out)	(576,572)	-	(576,572)
Total other financing sources (uses)	\$ (576,572)	\$ 576,572	\$ -
Net change in fund balances	\$ -	\$ (30,784)	\$ (30,784)
Fund balance at beginning of year	-	35,896	35,896
Fund balance at end of year	\$ -	\$ 5,112	\$ 5,112

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, 2013

		Component Unit School Board
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds	\$	(30,784)
<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 depreciation expense exceeds capital outlays in the current period.</p>		
Capital outlay	\$	8,991
Depreciation expense		(386,453)
		(395,444)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(449,508)
<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 position. 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	\$	68,249
Change in compensated absenses		21,587
		(46,662)
Change in net position of governmental activities	\$	(845,158)

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2013

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 3,623	\$ 3,623
Miscellaneous	219,492	564,237	623,455	59,218
Intergovernmental:				
County contribution to School Board	3,924,419	3,940,999	3,573,061	(367,938)
Commonwealth	8,213,201	8,238,201	8,135,072	(103,129)
Federal	1,848,516	1,848,516	1,864,944	16,428
Total revenues	\$ 14,205,628	\$ 14,591,953	\$ 14,200,155	\$ (391,798)
Expenditures:				
Education	\$ 14,205,628	\$ 14,591,953	\$ 13,623,583	\$ 968,370
Total expenditures	\$ 14,205,628	\$ 14,591,953	\$ 13,623,583	\$ 968,370
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 576,572	\$ (1,360,168)
Other financing sources (uses):				
Transfers (out)	-	-	(576,572)	(576,572)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Discretely Presented Component Unit-Industrial Development Authority

Statement of Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 At June 30, 2013

	<u>Discretely Presented Component Unit - IDA</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>32,569</u>
Total current assets	\$ <u>32,569</u>
Noncurrent assets:	
Capital Assets:	
Land	\$ 535,846
Buildings and improvements, net of depreciation	<u>1,579,971</u>
Total noncurrent assets	\$ <u>2,115,817</u>
Total Assets	\$ <u><u>2,148,386</u></u>
LIABILITIES	
Current liabilities:	
Long-term obligations, current portion	\$ <u>21,791</u>
Total current liabilities	\$ <u>21,791</u>
Noncurrent liabilities:	
Long-term obligations, non-current portion	\$ <u>1,911,606</u>
Total Liabilities	\$ <u>1,933,397</u>
Net Position	
Net investment in capital assets	\$ 182,420
Unrestricted assets	<u>32,569</u>
Total Net Pension	\$ <u>214,989</u>
Total Liabilities and Net Position	\$ <u><u>2,148,386</u></u>

Statement of Revenues, Expenses and Changes in Fund Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2013

	<u>Discretely Presented Component Unit - IDA</u>
Operating revenues:	
Rent	\$ 43,900
Total operating revenues	<u>\$ 43,900</u>
Operating expenses:	
Depreciation	\$ 42,642
Other operating expenses	<u>5,699</u>
Total operating expenses	<u>\$ 48,341</u>
Operating income (loss)	<u>\$ (4,441)</u>
Non-operating revenues (expenses):	
Interest income	\$ 192
Interest expense	(80,298)
Tobacco Indemnification grants	159,948
Road and site improvements	(194,644)
Contribution to County of Cumberland	(263,820)
Contribution from County of Cumberland	<u>169,801</u>
Total nonoperating revenues (expenses)	<u>\$ (208,821)</u>
Increase (decrease) in net position	\$ (213,262)
Net position, beginning of year	<u>428,251</u>
Net position, end of year	<u><u>\$ 214,989</u></u>

Statement of Cash Flows -
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2013

	Discretely Presented Component Unit - IDA
Cash flows from operating activities:	
Receipts from customers and users	\$ 43,900
Payments for operating activities	<u>(12,099)</u>
Net cash provided by (used for) operating activities	\$ <u>31,801</u>
Cash flows from noncapital financing activities:	
Contribution to County of Cumberland	\$ (263,820)
Contribution from County of Cumberland	<u>169,801</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(94,019)</u>
Cash flows from capital and related financing activities:	
Note repayment	\$ 44,444
Retirement of indebtedness	(21,942)
Road and site improvements	(195,784)
Interest paid on loans	(80,298)
Tobacco Indemnification grants	159,948
Retirement of due to primary government	<u>(44,444)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(138,076)</u>
Cash flows from investing activities:	
Interest income	\$ <u>192</u>
Net cash provided by (used for) investing activities	\$ <u>192</u>
Increase (decrease) in cash and cash equivalents	\$ (200,102)
Cash and cash equivalents at beginning of year	<u>232,671</u>
Cash and cash equivalents at end of year	\$ <u><u>32,569</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (4,441)
Adjustments to reconcile net income (loss) to net cash provided by (used FOR) operations:	
Depreciation	42,642
Changes in operating assets and liabilities:	
(Decrease) in accounts payable	<u>(6,400)</u>
Net cash provided by (used for) operating activities	\$ <u><u>31,801</u></u>

Supporting Schedule

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2013

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	\$ 5,720,000	\$ 5,720,000	\$ 5,864,937	\$ 144,937
Real and personal public service corporation property taxes	540,000	540,000	649,091	109,091
Personal property taxes	1,775,000	1,775,000	1,801,515	26,515
Mobile Homes	50,000	50,000	48,644	(1,356)
Airplane taxes	6,500	6,500	7,510	1,010
Machinery and tools taxes	90,000	90,000	79,798	(10,202)
Penalties	110,000	110,000	138,444	28,444
Interest	123,000	123,000	173,683	50,683
Total general property taxes	\$ 8,414,500	\$ 8,414,500	\$ 8,763,622	\$ 349,122
Other local taxes:				
Local sales and use taxes	\$ 385,000	\$ 385,000	\$ 402,297	\$ 17,297
Consumers' utility taxes	175,000	175,000	167,355	(7,645)
Business license taxes	108,000	108,000	113,449	5,449
Bank franchise tax	16,000	16,000	8,451	(7,549)
Motor vehicle licenses	230,000	230,000	234,562	4,562
Taxes on recordation and wills	45,000	45,000	47,709	2,709
Total other local taxes	\$ 959,000	\$ 959,000	\$ 973,823	\$ 14,823
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 8,800	\$ 8,800	\$ 8,436	\$ (364)
Building and related permits	45,000	45,000	36,530	(8,470)
Transfer fees	400	400	351	(49)
Land use and other general government fees	6,200	6,200	10,564	4,364
Zoning and other fees	12,700	12,700	8,688	(4,012)
Total permits, privilege fees and regulatory licenses	\$ 73,100	\$ 73,100	\$ 64,569	\$ (8,531)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 145,000	\$ 145,000	\$ 167,216	\$ 22,216
Total fines and forfeitures	\$ 145,000	\$ 145,000	\$ 167,216	\$ 22,216
Revenue from use of money and property:				
Revenue from use of money	\$ 30,000	\$ 30,000	\$ 66,775	\$ 36,775
Revenue from use of property	39,400	45,084	19,033	(26,051)
Total revenue from use of money and property	\$ 69,400	\$ 75,084	\$ 85,808	\$ 10,724

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2013 (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 and other public safety fees	\$ 41,760	\$ 55,543	\$ 55,293	\$ (250)
Other charges for courts	8,900	12,849	9,743	(3,106)
Sanitation and waste removal fees	500	500	474	(26)
Landfill host agreement fees	500,000	500,000	500,000	-
Courthouse security	38,000	38,000	34,834	(3,166)
Recreation fees	43,040	53,774	38,941	(14,833)
Courthouse maintenance fees	7,000	7,000	7,251	251
Law library fees	-	-	1,191	1,191
Planning and community development	6,400	6,400	710	(5,690)
Total charges for services	\$ 645,600	\$ 674,066	\$ 648,437	\$ (25,629)
Miscellaneous revenue:				
Miscellaneous	\$ 18,000	\$ 34,396	\$ 98,100	\$ 63,704
Contribution from Component Unit IDA	207,000	207,000	207,000	-
Total miscellaneous revenue	\$ 225,000	\$ 241,396	\$ 305,100	\$ 63,704
Total revenue from local sources	\$ 10,531,600	\$ 10,582,146	\$ 11,008,575	\$ 426,429
Intergovernmental:				
Henrico County - reservoir operation	\$ 1,131,900	\$ 1,131,950	\$ 1,131,900	\$ (50)
Total intergovernmental revenue	\$ 1,131,900	\$ 1,131,950	\$ 1,131,900	\$ (50)
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 56,600	\$ 56,600	\$ 39,210	\$ (17,390)
Noncategorical aid:				
Mobile home titling taxes	\$ 23,000	\$ 23,000	\$ 17,181	\$ (5,819)
Tax on deeds	11,000	11,000	13,225	2,225
PPTRA	871,735	871,735	871,736	1
Communication taxes	390,000	390,000	425,833	35,833
Rolling stock tax	-	-	76	76
Recordation tax	17,000	17,000	15,585	(1,415)
Rental tax	500	500	401	(99)
Total noncategorical aid	\$ 1,313,235	\$ 1,313,235	\$ 1,344,037	\$ 30,802

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2013 (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	\$ 73,394	\$ 73,394	\$ 73,458	\$ 64
Sheriff	545,655	545,655	551,217	5,562
Commissioner of the Revenue	77,437	77,437	77,346	(91)
Treasurer	91,930	91,930	86,231	(5,699)
Medical examiner	180	180	-	(180)
Registrar/electoral board	35,495	35,495	35,161	(334)
DMV	15,000	15,800	18,335	2,535
Clerk of the Circuit Court	142,455	153,644	153,566	(78)
Total shared expenses	<u>\$ 981,546</u>	<u>\$ 993,535</u>	<u>\$ 995,314</u>	<u>\$ 1,779</u>
Other categorical aid:				
Litter control	\$ -	\$ -	\$ 7,216	\$ 7,216
Law enforcement block grant	-	1,977	1,977	-
Highway safety grant - Sheriff's department	-	21,150	-	(21,150)
E-911 wireless	-	-	50,866	50,866
Records preservant grant - courts	-	6,603	17,511	10,908
Comprehensive Services Act	450,000	450,000	196,141	(253,859)
Emergency medical services grant	-	9,847	9,848	1
State board of elections	-	2,274	2,274	-
Other categorical aid	5,000	5,000	581	(4,419)
Public assistance and welfare	144,365	144,365	312,987	168,622
Total other categorical aid	<u>\$ 599,365</u>	<u>\$ 641,216</u>	<u>\$ 599,401</u>	<u>\$ (41,815)</u>
Total categorical aid	<u>\$ 1,580,911</u>	<u>\$ 1,634,751</u>	<u>\$ 1,594,715</u>	<u>\$ (40,036)</u>
Total revenue from the Commonwealth	<u>\$ 2,950,746</u>	<u>\$ 3,004,586</u>	<u>\$ 2,977,962</u>	<u>\$ (26,624)</u>
Revenue from the Federal Government:				
Categorical aid:				
Public assistance and welfare	\$ 901,421	\$ 901,421	\$ 510,016	\$ (391,405)
Other categorical aid	-	13,926	65,932	52,006
Total categorical aid	<u>\$ 901,421</u>	<u>\$ 915,347</u>	<u>\$ 575,948</u>	<u>\$ (339,399)</u>
Total revenue from the Federal Government	<u>\$ 901,421</u>	<u>\$ 915,347</u>	<u>\$ 575,948</u>	<u>\$ (339,399)</u>
Total General Fund	<u>\$ 15,515,667</u>	<u>\$ 15,634,029</u>	<u>\$ 15,694,385</u>	<u>\$ 60,356</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2013 (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	\$ -	\$ -	\$ 191	\$ 191
Miscellaneous revenue:				
Contribution from IDA	45,555	45,555	56,820	11,265
Total revenue from local sources	<u>\$ 45,555</u>	<u>\$ 45,555</u>	<u>\$ 57,011</u>	<u>\$ 11,456</u>
Intergovernmental:				
Revenue from the commonwealth:				
Tobacco indemnification grant	\$ -	\$ 19,906	\$ -	\$ (19,906)
Total revenue from the commonwealth	<u>\$ -</u>	<u>\$ 19,906</u>	<u>\$ -</u>	<u>\$ (19,906)</u>
Revenue from the federal government:				
Rural development grant	\$ -	\$ 310,737	\$ -	\$ (310,737)
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 310,737</u>	<u>\$ -</u>	<u>\$ (310,737)</u>
Total County Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 376,198</u></u>	<u><u>\$ 57,011</u></u>	<u><u>\$ (319,187)</u></u>
Total Revenues -- Primary Government	<u><u>\$ 15,515,667</u></u>	<u><u>\$ 16,010,227</u></u>	<u><u>\$ 15,751,396</u></u>	<u><u>\$ (258,831)</u></u>
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ 3,500	\$ 3,623	\$ 123
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 3,500</u>	<u>\$ 3,623</u>	<u>\$ 123</u>
Miscellaneous revenue:				
Miscellaneous	\$ 219,492	\$ 564,237	\$ 623,455	\$ 59,218
Total miscellaneous	<u>\$ 219,492</u>	<u>\$ 564,237</u>	<u>\$ 623,455</u>	<u>\$ 59,218</u>
Total revenue from local sources	<u><u>\$ 219,492</u></u>	<u><u>\$ 567,737</u></u>	<u><u>\$ 627,078</u></u>	<u><u>\$ 59,341</u></u>
Intergovernmental:				
County contribution to School Board	\$ 3,924,419	\$ 3,940,999	\$ 3,573,061	\$ (367,938)

Governmental Funds
Statement of Revenues -- Budget and Actual
Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,514,282	\$ 1,525,741	\$ 1,507,491	\$ (18,250)
Basic school aid	4,096,031	3,981,610	3,978,845	(2,765)
Special education	604,298	592,488	592,488	-
Social security	250,151	245,262	245,262	-
Teacher retirement	416,918	408,770	408,770	-
Other state funds	1,331,521	1,484,330	1,402,216	(82,114)
Total categorical aid	<u>\$ 8,213,201</u>	<u>\$ 8,238,201</u>	<u>\$ 8,135,072</u>	<u>\$ (103,129)</u>
Total revenue from the Commonwealth	<u>\$ 8,213,201</u>	<u>\$ 8,238,201</u>	<u>\$ 8,135,072</u>	<u>\$ (103,129)</u>
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ -	\$ -	\$ 4,194	\$ 4,194
Title I	422,070	422,070	424,339	2,269
Title VI-B -- Special Education	330,034	330,034	280,628	(49,406)
School food	651,824	651,824	624,793	(27,031)
Other federal funds	444,588	444,588	530,990	86,402
Total categorical aid	<u>\$ 1,848,516</u>	<u>\$ 1,848,516</u>	<u>\$ 1,864,944</u>	<u>\$ 16,428</u>
Total revenue from the federal government	<u>\$ 1,848,516</u>	<u>\$ 1,848,516</u>	<u>\$ 1,864,944</u>	<u>\$ 16,428</u>
Total School Operating Fund	<u>\$ 14,205,628</u>	<u>\$ 14,595,453</u>	<u>\$ 14,200,155</u>	<u>\$ (395,298)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 243,910	\$ 243,910
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,910</u>	<u>\$ 243,910</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 4,166	\$ 4,166
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,166</u>	<u>\$ 4,166</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,076</u>	<u>\$ 248,076</u>
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,076</u>	<u>\$ 248,076</u>
Total Revenues -- Component Unit -- School Board	<u>\$ 14,205,628</u>	<u>\$ 14,595,453</u>	<u>\$ 14,448,231</u>	<u>\$ (147,222)</u>
Total Revenues -- Reporting Entity	<u>\$ 29,721,295</u>	<u>\$ 30,605,680</u>	<u>\$ 30,199,627</u>	<u>\$ (406,053)</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2013

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	\$ 49,777	\$ 50,754	\$ 50,754	\$ -
General and financial administration:				
County administrator	\$ 220,716	\$ 220,735	\$ 220,735	\$ -
Independent Auditor	33,500	33,700	33,700	-
Commissioner of the revenue	232,802	232,683	229,400	3,283
Assessor	54,000	54,000	14,639	39,361
License Bureau	-	119	119	-
Treasurer	268,053	268,053	268,013	40
Accounting	170,674	167,674	161,638	6,036
Data Processing	182,962	182,962	182,957	5
Total general and financial administration	\$ 1,162,707	\$ 1,159,926	\$ 1,111,201	\$ 48,725
Board of Elections:				
Electoral board and officials	\$ 25,165	\$ 25,165	\$ 21,768	\$ 3,397
Registrar	72,992	78,566	78,367	199
Total board of elections	\$ 98,157	\$ 103,731	\$ 100,135	\$ 3,596
Total general government administration	\$ 1,310,641	\$ 1,314,411	\$ 1,262,090	\$ 52,321
Judicial administration:				
Courts:				
Circuit court	\$ 14,310	\$ 14,310	\$ 11,644	\$ 2,666
General district court	11,945	6,945	3,811	3,134
Special magistrates	2,310	2,310	1,690	620
Law library	1,000	2,033	2,033	-
Clerk of the circuit court	232,736	254,476	235,266	19,210
Total courts	\$ 262,301	\$ 280,074	\$ 254,444	\$ 25,630
Commonwealth's attorney:				
Commonwealth's attorney	\$ 114,555	\$ 114,555	\$ 110,743	\$ 3,812
Total judicial administration	\$ 376,856	\$ 394,629	\$ 365,187	\$ 29,442

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2013 (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	\$ 1,522,029	\$ 1,557,395	\$ 1,546,487	\$ 10,908
Total law enforcement and traffic control	\$ 1,522,029	\$ 1,557,395	\$ 1,546,487	\$ 10,908
Fire and rescue services:				
Fire and rescue services	\$ 190,545	\$ 202,110	\$ 202,110	\$ -
E-911	46,380	46,380	38,378	8,002
Total fire and rescue services	\$ 236,925	\$ 248,490	\$ 240,488	\$ 8,002
Correction and detention:				
Probation office	\$ 1,440	\$ 1,440	\$ 1,256	\$ 184
Correction and detention	15,000	154,466	106,744	47,722
Total correction and detention	\$ 16,440	\$ 155,906	\$ 108,000	\$ 47,906
Inspections:				
Building	\$ 117,106	\$ 117,106	\$ 115,800	\$ 1,306
Total inspections	\$ 117,106	\$ 117,106	\$ 115,800	\$ 1,306
Other protection:				
Animal control	\$ 126,105	\$ 123,775	\$ 122,591	\$ 1,184
Medical examiner (coroner)		40	40	-
Total other protection	\$ 126,105	\$ 123,815	\$ 122,631	\$ 1,184
Total public safety	\$ 2,018,605	\$ 2,202,712	\$ 2,133,406	\$ 69,306
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 642,780	\$ 693,640	\$ 693,639	\$ 1
Total sanitation and waste removal	\$ 642,780	\$ 693,640	\$ 693,639	\$ 1

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2013 (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	\$ 651,503	\$ 673,364	\$ 672,888	\$ 476
Total maintenance of general buildings and grounds	<u>\$ 651,503</u>	<u>\$ 673,364</u>	<u>\$ 672,888</u>	<u>\$ 476</u>
Total public works	<u>\$ 1,294,283</u>	<u>\$ 1,367,004</u>	<u>\$ 1,366,527</u>	<u>\$ 477</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 110,173	\$ 76,657	\$ 76,555	\$ 102
Hospital and other health organizations	<u>787</u>	<u>787</u>	<u>787</u>	<u>-</u>
Total health	<u>\$ 110,960</u>	<u>\$ 77,444</u>	<u>\$ 77,342</u>	<u>\$ 102</u>
Mental health and mental retardation:				
Chapter X board	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ -</u>
Total mental health and mental retardation	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ -</u>
Welfare:				
Welfare administration & public assistance	\$ 1,356,317	\$ 1,359,331	\$ 1,073,714	\$ 285,617
CSA - management	<u>33,747</u>	<u>34,851</u>	<u>34,851</u>	<u>-</u>
CSA - at risk youth	<u>600,000</u>	<u>600,000</u>	<u>312,842</u>	<u>287,158</u>
Total welfare	<u>\$ 1,990,064</u>	<u>\$ 1,994,182</u>	<u>\$ 1,421,407</u>	<u>\$ 572,775</u>
Total health and welfare	<u>\$ 2,135,024</u>	<u>\$ 2,105,626</u>	<u>\$ 1,532,749</u>	<u>\$ 572,877</u>
Education:				
Contributions to community colleges	\$ 2,873	\$ 2,873	\$ 2,873	-
Contributions to school board component unit	<u>3,924,419</u>	<u>3,941,192</u>	<u>3,573,061</u>	<u>368,131</u>
Total education	<u>\$ 3,927,292</u>	<u>\$ 3,944,065</u>	<u>\$ 3,575,934</u>	<u>\$ 368,131</u>
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	<u>\$ 76,796</u>	<u>\$ 95,121</u>	<u>\$ 95,120</u>	<u>\$ 1</u>
Library:				
Local library	\$ 115,450	\$ 115,450	\$ 115,450	-
Tri-county life learners	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Total parks, recreation and cultural	<u>\$ 192,746</u>	<u>\$ 211,071</u>	<u>\$ 211,070</u>	<u>\$ 1</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2013 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 120,761	\$ 90,232	\$ 87,447	\$ 2,785
Economic development	143,509	108,358	106,506	1,852
Contribution to IDA	-	169,801	169,801	-
Other community development	60,000	70,800	59,282	11,518
Total planning and community development	<u>\$ 324,270</u>	<u>\$ 439,191</u>	<u>\$ 423,036</u>	<u>\$ 16,155</u>
Environmental management:				
Cooperative extension program	\$ 44,492	\$ 44,492	\$ 42,079	\$ 2,413
Total environmental management	<u>\$ 44,492</u>	<u>\$ 44,492</u>	<u>\$ 42,079</u>	<u>\$ 2,413</u>
Total community development	<u>\$ 368,762</u>	<u>\$ 483,683</u>	<u>\$ 465,115</u>	<u>\$ 18,568</u>
Nondepartmental:				
Miscellaneous	\$ 20,000	\$ 9,815	\$ 9,011	\$ 804
Local aid to the Commonwealth	70,717	50,908	50,908	-
Total nondepartmental	<u>\$ 90,717</u>	<u>\$ 60,723</u>	<u>\$ 59,919</u>	<u>\$ 804</u>
Debt service:				
Principal retirement	\$ 2,031,885	\$ 23,091,885	\$ 23,073,750	\$ 18,135
Interest and fiscal charges	1,796,978	1,679,303	1,697,438	(18,135)
Swap termination fee	-	2,006,000	2,006,000	-
Bond refinancing costs	-	164,428	164,428	-
Total debt service	<u>\$ 3,828,863</u>	<u>\$ 26,941,616</u>	<u>\$ 26,941,616</u>	<u>\$ -</u>
Total General Fund	<u>\$ 15,543,789</u>	<u>\$ 39,025,540</u>	<u>\$ 37,913,613</u>	<u>\$ 1,111,927</u>
County Capital Projects Fund:				
Capital outlay / projects:				
General government:				
EDP equipment and computer software	\$ 45,000	\$ 40,310	\$ 22,103	\$ 18,207
Total general government	<u>\$ 45,000</u>	<u>\$ 40,310</u>	<u>\$ 22,103</u>	<u>\$ 18,207</u>
Public safety:				
Cartersville rescue squad	\$ -	\$ 10,800	\$ 10,800	\$ -
Total public safety	<u>\$ -</u>	<u>\$ 10,800</u>	<u>\$ 10,800</u>	<u>\$ -</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2013 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
County Capital Projects Fund: (Continued)				
Capital outlay / projects: (Continued)				
Education:				
Vocational Technical Center - roof replacement	\$ -	\$ 11,870	\$ 11,870	\$ -
Total education	\$ -	\$ 11,870	\$ 11,870	\$ -
Community Development:				
Randolph community center	\$ 11,820	\$ 11,820	\$ 11,820	\$ -
Comprehensive plan update	-	28,000	28,000	-
Water utilities	-	1,234,653	-	1,234,653
Sewer maintenance pumps	-	34,990	-	34,990
GIS mapping	-	1,426	1,426	-
Total community development	\$ 11,820	\$ 1,310,889	\$ 41,246	\$ 1,269,643
Total County Capital Projects Fund	\$ 56,820	\$ 1,373,869	\$ 86,019	\$ 1,287,850
Total Expenditures -- Primary Government	\$ 15,600,609	\$ 40,399,409	\$ 37,999,632	\$ 2,399,777
Component Unit -- School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 9,661,276	\$ 9,661,276	\$ 9,636,069	\$ 25,207
Administration, attendance and health	1,051,748	1,051,748	1,076,199	(24,451)
Pupil transportation services	1,253,095	1,253,095	1,280,115	(27,020)
Operation and maintenance services	1,067,816	1,067,816	967,696	100,120
Other	1,171,693	1,558,018	663,504	894,514
Total education	\$ 14,205,628	\$ 14,591,953	\$ 13,623,583	\$ 968,370
Total School Operating Fund	\$ 14,205,628	\$ 14,591,953	\$ 13,623,583	\$ 968,370
School Cafeteria Fund:				
Education:				
School food services	\$ -	\$ -	\$ 855,432	\$ (855,432)
Total School Cafeteria Fund	\$ -	\$ -	\$ 855,432	\$ (855,432)
Total Expenditures--Component Unit-- School Board	\$ 14,205,628	\$ 14,591,953	\$ 14,479,015	\$ 112,938
Total Expenditures--Reporting Entity	\$ 29,806,237	\$ 54,991,362	\$ 52,478,647	\$ 2,512,715

Other Statistical Information

COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General										Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Interest on Debt	Water & Sewer	
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
2011-12	1,425,743	471,552	2,238,713	1,263,236	1,762,706	5,851,389	223,140	367,939	2,039,794	646,448	16,290,660
2012-13	1,295,829	454,536	2,200,219	1,315,917	1,543,412	4,045,744	216,682	505,311	4,071,529	652,560	16,301,739

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		
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	
2011-12	1,209,264	2,311,805	1,225,495	8,448,999	1,275,388	966,551	99,328	227,698	15,764,528	
2012-13	1,232,605	2,170,663	1,543,259	8,704,733	965,288	1,383,247	92,575	361,920	16,454,290	

COUNTY OF CUMBERLAND, VIRGINIA

Table 3

General Government Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General			Other		Permit Privilege Fees & Regulatory Licenses		Fines & Forfeitures		Revenues from the Use of Money & Property		Charges for Services		Miscellaneous		Inter-governmental	Total
	Property Taxes	Property Taxes	Other Local Taxes	Other Local Taxes	Regulatory Licenses	Fines & Forfeitures	Use of Money & Property	Charges for Services	Miscellaneous								
2003-04	\$ 5,725,532	\$ 1,152,551	\$ 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	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	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	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	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	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	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	1,334,909	66,405	125,207	134,952	868,884	589,840	17,846,477	29,404,754							
2011-12	8,400,789	1,284,734	1,284,734	61,946	156,539	98,136	843,312	802,416	15,604,891	27,252,763							
2012-13	8,763,622	973,823	973,823	64,569	167,216	85,999	895,970	989,541	14,685,826	26,626,566							

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

General Government Expenditures by Function (1) (2)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Debt Service	Non-Departmental	Total
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	92,516	26,579,270
2011-12	1,433,261	381,156	2,172,963	1,312,227	1,773,658	15,492,195	220,829	362,387	4,034,774	80,400	27,263,850
2012-13	1,284,193	365,187	2,144,206	1,366,527	1,532,749	14,493,758	211,070	506,361	26,941,616	59,919	48,905,586

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1,4)		Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3,4) Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy
	Tax Levy	Tax (1)			Tax (2)	Delinquent Taxes			Delinquent Taxes		
2003-04	\$ 6,369,476	\$ 6,047,839	\$ 6,047,839	94.95%	\$ 301,799	\$ 301,799	\$ 6,349,638	99.69%	\$ 589,652	9.26%	
2004-05	6,404,029	6,134,815	6,134,815	95.80%	388,838	388,838	6,523,653	101.87%	557,064	8.70%	
2005-06	6,873,966	6,770,742	6,770,742	98.50%	305,845	305,845	7,076,587	102.95%	691,919	10.07%	
2006-07	7,230,249	6,786,714	6,786,714	93.87%	226,342	226,342	7,013,056	97.00%	820,046	11.34%	
2007-08	7,414,535	7,009,119	7,009,119	94.53%	303,978	303,978	7,313,097	98.63%	852,804	11.50%	
2008-09	7,673,636	7,261,095	7,261,095	94.62%	229,173	229,173	7,490,268	97.61%	910,187	11.86%	
2009-10	8,168,244	7,740,534	7,740,534	94.76%	323,129	323,129	8,063,663	98.72%	937,772	11.48%	
2010-11	9,121,905	8,676,195	8,676,195	95.11%	377,159	377,159	9,053,354	99.25%	971,461	10.65%	
2011-12	9,121,509	8,636,836	8,636,836	94.69%	338,643	338,643	8,975,479	98.40%	1,094,179	12.00%	
2012-13	9,220,367	8,792,518	8,792,518	95.36%	530,713	530,713	9,323,231	101.12%	1,036,767	11.24%	

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes personal and real property

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

COUNTY OF CUMBERLAND, VIRGINIA

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Airplane	Machinery & Tools	Total
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
2011-12	855,916,262	57,564,245	7,187,152	75,200,914	1,415,432	2,264,637	999,548,642
2012-13	861,560,435	57,729,401	7,183,790	82,283,896	1,387,700	2,125,112	1,012,270,334

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
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
2011-12	0.68/0.68	4.50	0.68/0.68	0.50	3.75
2012-13	0.68/0.68	4.50	0.68/0.68	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
					Value	Value	
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
2011-12	9,017	999,548,642	41,310,143	41,310,143	0.0413		4,581
2012-13	9,017	1,012,270,334	42,039,384	42,039,384	0.0415		4,662

(1) Bureau of the Census.

(2) From Table 6

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

Compliance

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the remaining fund information of the County of Cumberland, Virginia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Cumberland, Virginia's basic financial statements, and have issued our report dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Cumberland, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Cumberland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Cumberland, Virginia's internal control.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 15, 2013

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the County of Cumberland, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Cumberland, Virginia's major federal programs for the year ended June 30, 2013. County of Cumberland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Cumberland, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of Cumberland, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Cumberland, Virginia complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of the County of Cumberland, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Cumberland, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 County of Cumberland, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 15, 2013

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Primary Government:			
<u>UNITED STATES DEPARTMENT OF AGRICULTURE:</u>			
<u>Direct payments:</u>			
Rural Utilities Service:			
Water and Waste Disposal Systems for Rural Communities	10.760	Unknown	\$ 391,453
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	134,216
Total Department of Agriculture			\$ 525,669
<u>DEPARTMENT OF JUSTICE:</u>			
Direct Payments:			
Department of Criminal Justice Services:			
Bulletproof Vest Partnership Program	16.607	Unknown	\$ 1,750
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804	Unknown	12,176
Total Department of Justice			\$ 13,926
<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	Unknown	\$ 6,244
Total Department of Homeland Security			\$ 6,244
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Transportation:			
Alcohol Open Container Requirements	20.607	Unknown	\$ 21,150
Total Department of Transportation			\$ 21,150
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
Temporary assistance for needy families	93.558	0400111	\$ 141,611
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	397
Low Income Home Energy Assistance	93.568	0600411	9,876
Child Care Bandatory and Batching Bunds of the Child Care and Development Fund	93.596	0760111	19,563
Stephanie Tubbs Jones Child Welfare Service Programs	93.645	0900111	594
Foster Care Title IV - E	93.658	1100111	41,902
Adoption Assistance	93.659	1120111	29,331
Social Services Block Grant	93.667	1000111	78,985
Chafee Foster Care Independence Program	93.674	9150111	623
Children's Health Insurance Program	93.767	0540111	3,150
Medical Assistance Program	93.778	1200111	80,624
Total Department of Health and Human Services			\$ 406,656
Total Primary Government			\$ 973,645

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2013 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	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 Discretionary Grants Limited Availability	10.579	405,930	\$ 14,707
Child Nutrition Cluster:			
Department of Agriculture:			
Food distribution - Summer food service program	10.559	Unknown	528
Food distribution - School Nutrition Program	10.555	Unknown	\$ 47,288
Department of Education:			
National School Lunch Program	10.555	406230	384,013
School Breakfast Program	10.553	405910	178,257
Total Department of Agriculture			\$ 624,793
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Education:			
Title I, Part A:			
Title I Grants to Local Educational Agencies	84.010	429010	\$ 424,339
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	430710, 871380	280,628
Special Education - Preschool Grants	84.173	625210	6,915
Vocational Education:			
Career and Technical Education - Basic grants to states	84.048	610950, 866470	43,134
Adult Education - Basic Grants to States	84.002	428010	4,194
Special Projects:			
Improving Teacher Quality State Grants	84.367	614800	88,629
21st Century Community Learning Centers	84.287	605650	278,322
Rural Education	84.358	434810	22,019
English Language Acquisition State Grants	84.365	605120	6,305
ARRA - Education Jobs Fund	84.410	627000	12,182
Total Department of Education			\$ 1,166,667
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
Jr. ROTC payments	12.000 n	Unknown	\$ 73,484
Total Component Unit School Board			\$ 1,864,944
Total Expenditures of Federal Awards			\$ 2,838,589

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, 2013

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, 2013. 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 position 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 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - 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	\$ 575,948
Total primary government	\$ <u>575,948</u>

Component Unit Public Schools:

School Operating Fund	\$ <u>1,864,944</u>
Total component unit public schools	\$ <u>1,864,944</u>

Amounts required to reconcile federal revenues to expenditures:

Special welfare fund	6,244
Rural Development Loan	<u>391,453</u>

Total federal expenditures per basic financial statements	\$ <u><u>2,838,589</u></u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>2,838,589</u></u>
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COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

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 auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
84.027 / 84.173	Special Education Cluster (IDEA)

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.