

COUNTY *of*
CUMBERLAND
VIRGINIA

F O U N D E D • 1 7 4 9

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2006

County of Cumberland, Virginia

Financial Report

Year Ended June 30, 2006

County of Cumberland, Virginia

Financial Report
June 30, 2006

BOARD OF SUPERVISORS

William F. Osl, Jr., Chair
Van Petty, Vice Chair
Elbert Womack
Cliff White
Christine Ross

COUNTY SCHOOL BOARD

George Reid, Jr., Chairman

Lois Arthur, Vice—Chair
Patricia Bickel

Herbert H. Goodman
Carl Eugene Robinson

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

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Leslie Osborn
William Wellons
Carol Ownby
Robert G. Woodson, Jr.
Marvin Dunkun
Patricia D. Scales
Anita H. French
L.O. Pfeiffer, Jr.
Claude B. Meinhard
Jim Thornton
Karen Blackwell
Judy Ownby

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report
Year Ended June 30, 2006

Table of Contents

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	9
Exhibit 2 Statement of Activities	10-11
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	12
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	13
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities—Governmental Funds	14
Exhibit 6 Statement of Net Assets—Proprietary Fund	15
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Assets—Proprietary Fund	16
Exhibit 8 Statement of Cash Flows—Proprietary Fund	17
Exhibit 9 Statement of Fiduciary Net Assets	18
Notes to Financial Statements	19-40
<u>Required Supplementary Information:</u>	
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—General Fund	41
Exhibit 11 Schedule of Funding Progress for the Virginia Retirement System	42

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report
Year Ended June 30, 2006

Table of Contents (Continued)

	<u>Page</u>	
<u>Other Supplementary Information:</u>		
Exhibit 12	Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual—Capital Projects Fund	43
Exhibit 13	Combining Schedule of Fiduciary Net Assets—Agency Funds	44
Exhibit 14	Combining Statement of Changes in Assets and Liabilities—Agency Funds	45
Discretely Presented Component Unit—School Board:		
Exhibit 15	Balance Sheet	46
Exhibit 16	Statement of Revenues, Expenditures and Changes in Fund Balances	47
Exhibit 17	Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual	48
Exhibit 18	Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	49
Discretely Presented Component Unit—Industrial Development Authority:		
Exhibit 19	Balance Sheet	50
Exhibit 20	Statement of Revenues, Expenditures and Changes in Net Assets	51
Exhibit 21	Statement of Cash Flows	52
<u>Supporting Schedules:</u>		
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	53-57
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	58-62
<u>Other Statistical Information:</u>		
Table 1	Government-wide Expenses by Function	63
Table 2	Government-wide Revenues	64
Table 3	General Government Revenues by Source—Last Ten Fiscal Years	65
Table 4	General Government Expenditures by Function—Last Ten Fiscal Years	66
Table 5	Property Tax Levies and Collections	67
Table 6	Assessed Value of Taxable and Property Tax Rates—Last Ten Fiscal Years	68
Table 7	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	69

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report
Year Ended June 30, 2006

Table of Contents (Continued)

	<u>Page</u>
Compliance:	
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>	70
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	71-72
Schedule of Expenditures of Federal Awards	73-74
Notes to Schedule of Expenditures of Federal Awards	75
Schedule of Findings and Questioned Costs	76

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Financial Statements and Supporting Schedules

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Cumberland, Virginia's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of June 30, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2006, on our consideration of the County of Cumberland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Robinson, Farmer, & Associates

Charlottesville, Virginia
November 17, 2006

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, 2006.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$11,162,149 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in deficiency of expenditures by \$2,475,759 (Exhibit 4) after making contributions totaling \$4,560,828 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$5,993,436, a decrease of \$2,475,759 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,488,789 or 35% of total general fund expenditures.
- Our combined long-term obligations decreased \$508,672 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Government—wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$11,162,149 at the close of the most recent fiscal year.

County of Cumberland's, Net Assets

	Governmental		Business-type		Totals	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 6,821,947	\$ 8,951,724	\$ 236,985	\$ 116,939	\$ 7,058,932	\$ 9,068,663
Capital assets	12,917,633	10,480,111	5,125,243	5,302,732	18,042,876	15,782,843
Total assets	\$ 19,739,580	\$ 19,431,835	\$ 5,362,228	\$ 5,419,671	\$ 25,101,808	\$ 24,851,506
Long-term liabilities outstanding	\$ 10,757,719	\$ 11,257,582	\$ 1,670,848	\$ 1,699,202	\$ 12,428,567	\$ 12,956,784
Current liabilities	1,481,340	881,485	29,752	35,945	1,511,092	917,430
Total liabilities	\$ 12,239,059	\$ 12,139,067	\$ 1,700,600	\$ 1,735,147	\$ 13,939,659	\$ 13,874,214
Net assets:						
Invested in capital , assets net of related debt	\$ 2,229,916	\$ (555,912)	\$ 3,426,041	\$ 3,576,421	\$ 5,655,957	\$ 3,020,509
Restricted	870,260	953,420	-	-	870,260	953,420
Unrestricted	4,400,345	6,895,260	235,587	108,103	4,635,932	7,003,363
Total net assets	\$ 7,500,521	\$ 7,292,768	\$ 3,661,628	\$ 3,684,524	\$ 11,162,149	\$ 10,977,292

The County's net assets decreased by \$1,189,339 during the current fiscal year.

Overview of the Financial Statements: (Continued)

Government-wide Financial Analysis: (Continued)

Governmental Activities—Governmental activities decreased the County's net assets by \$1,166,443. Key elements of this decrease are as follows:

County of Cumberland, Virginia's Changes in Net Assets
For the Years Ended June 30, 2006 and 2005

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 443,359	\$ 163,970	\$ 182,552	\$ 179,620	\$ 625,911	\$ 343,590
Operating grants and contributions	2,864,407	2,379,693	-	2,460	2,864,407	2,382,153
Capital grants and contributions	559,575	356,553	-	-	559,575	356,553
General revenues:						
General property taxes	6,193,617	7,943,269	-	-	6,193,617	7,943,269
Other local taxes	1,401,158	1,315,257	-	-	1,401,158	1,315,257
Grants and other contributions not restricted	971,950	937,189			971,950	937,189
Other general revenues	364,438	245,061	7,679	4,834	372,117	249,895
Total revenues	<u>\$ 12,798,504</u>	<u>\$ 13,340,992</u>	<u>\$ 190,231</u>	<u>\$ 186,914</u>	<u>\$ 12,988,735</u>	<u>\$ 13,527,906</u>
Expenses:						
General government administration	\$ 1,188,315	\$ 1,096,607	\$ -	\$ -	\$ 1,188,315	\$ 1,096,607
Judicial administration	440,444	457,036	-	-	440,444	457,036
Public safety	1,868,176	1,641,665	-	-	1,868,176	1,641,665
Public works	1,066,512	1,269,984	-	-	1,066,512	1,269,984
Health and welfare	2,352,514	1,734,952	-	-	2,352,514	1,734,952
Education	5,143,204	3,988,063	-	-	5,143,204	3,988,063
Parks, recreation, and cultural	137,816	134,066	-	-	137,816	134,066
Community development	398,233	339,568	-	-	398,233	339,568
Interest and other fiscal charges	482,102	502,815	-	-	482,102	502,815
Sewer	-	-	339,978	305,431	339,978	305,431
Water	-	-	7,487	-	7,487	-
Total expenses	<u>\$ 13,077,316</u>	<u>\$ 11,164,756</u>	<u>\$ 347,465</u>	<u>\$ 305,431</u>	<u>\$ 13,424,781</u>	<u>\$ 11,470,187</u>
Increase(decrease) in net assets before transfers	\$ (278,812)	\$ 2,176,236	\$ (157,234)	\$ (118,517)	\$ (436,046)	\$ 2,057,719
Transfers	(134,338)	-	134,338	-	-	-
Change in net assets	\$ (413,150)	\$ 2,176,236	\$ (22,896)	\$ (118,517)	\$ (436,046)	\$ 2,057,719
Net assets, July 1, 2005, as restated	7,913,671	5,116,532	3,684,524	3,803,041	11,598,195	8,919,573
Net assets, June 30, 2006	<u>\$ 7,500,521</u>	<u>\$ 7,292,768</u>	<u>\$ 3,661,628</u>	<u>\$ 3,684,524</u>	<u>\$ 11,162,149</u>	<u>\$ 10,977,292</u>

Overview of the Financial Statements: (Continued)

Government-wide Financial Analysis: (Continued)

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$5,993,436, a decrease of \$2,475,759 in comparison with the prior year. Approximately 75% of this total amount constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed:

Proprietary funds

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

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$2,169,347 and can be briefly summarized as follows:

- \$740,307 in increases for education
- \$160,607 in other increases
- \$286,745 in increases for public safety
- \$981,688 in increases for health and welfare

Of this increase, \$939,105 was to be funded out from state and federal revenues. The remaining \$1,230,242 was to be budgeted from available fund balance and other revenue increases. During the year, however, revenues exceeded budgetary estimates by \$646,339. Expenditures were less than budgetary estimates by \$407,414, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

- Capital assets—The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2006 amounts to \$18,042,876 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. (The county is currently constructing a new public water system with total costs as of June 30, 2006 of \$1,168,699). The County's reservoir project has total costs as of June 30, 2006 of \$1,374,196.

Capital Asset and Debt Administration: (Continued)

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

Long-term debt—At the end of the current fiscal year, the County had total bonded debt outstanding of \$16,386,919. Of this amount \$10,587,717 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 by \$508,672 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 is currently 2.4 percent, which is a decrease from a rate of 2.7 percent a year ago. This compares favorably to the state's average unemployment rate of 3.8 percent and to the national average rate of 5.2 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 2007 fiscal year.

The fiscal year 2007 General Fund's budget increased from \$10,115,944 to \$10,522,585 or \$406,641 (4%). Tax rates remained the same.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets

June 30, 2006

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Total	School Board	IDA
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 4,254,282	\$ 257,090	\$ 4,511,372	\$ 1,263,266	\$ -
Restricted assets	706,401	-	706,401	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	717,326	-	717,326	-	-
Accounts receivable	37,636	49,895	87,531	-	-
Notes receivable	-	-	-	-	444,444
Due from component unit	545,652	-	545,652	-	-
Due from other governments	490,650	-	490,650	390,735	-
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	<u>\$ 6,821,947</u>	<u>\$ 236,985</u>	<u>\$ 7,058,932</u>	<u>\$ 1,654,001</u>	<u>\$ 444,444</u>
Noncurrent Assets:					
Capital assets:					
Land	\$ 142,089	\$ 22,458	\$ 164,547	\$ 121,421	\$ -
Construction in progress	2,921,099	-	2,921,099	901,539	-
Buildings and equipment, net of depreciation	9,854,445	5,102,785	14,957,230	2,294,148	-
Total Noncurrent Assets	<u>\$ 12,917,633</u>	<u>\$ 5,125,243</u>	<u>\$ 18,042,876</u>	<u>\$ 3,317,108</u>	<u>\$ -</u>
Total Assets	<u>\$ 19,739,580</u>	<u>\$ 5,362,228</u>	<u>\$ 25,101,808</u>	<u>\$ 4,971,109</u>	<u>\$ 444,444</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued expenses					
	\$ 682,754	\$ 1,398	\$ 684,152	\$ 1,346,123	\$ -
Due to primary government	-	-	-	101,208	444,444
Deferred revenue	2,617	-	2,617	-	-
Accrued interest payable	212,689	-	212,689	-	-
Current portion of long-term obligations	583,280	28,354	611,634	72,481	-
Total Current Liabilities	<u>\$ 1,481,340</u>	<u>\$ 29,752</u>	<u>\$ 1,511,092</u>	<u>\$ 1,519,812</u>	<u>\$ 444,444</u>
Noncurrent Liabilities:					
Noncurrent portion of long-term obligations	10,757,719	1,670,848	12,428,567	294,689	-
Total Liabilities	<u>\$ 12,239,059</u>	<u>\$ 1,700,600</u>	<u>\$ 13,939,659</u>	<u>\$ 1,814,501</u>	<u>\$ 444,444</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 2,229,916	\$ 3,426,041	\$ 5,655,957	\$ 3,156,608	\$ -
Restricted for:					
E-911 operations	163,859	-	163,859	-	-
Debt Service	706,401	-	706,401	-	-
Unrestricted assets	4,400,345	235,587	4,635,932	-	-
Total Net Assets	<u>\$ 7,500,521</u>	<u>\$ 3,661,628</u>	<u>\$ 11,162,149</u>	<u>\$ 3,156,608</u>	<u>\$ -</u>
Total Liabilities and Net Assets	<u>\$ 19,739,580</u>	<u>\$ 5,362,228</u>	<u>\$ 25,101,808</u>	<u>\$ 4,971,109</u>	<u>\$ 444,444</u>

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

COUNTY OF CUMBERLAND, VIRGINIA

Statement of Activities
 Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,188,315	\$ 17,836	\$ 287,494	\$ -
Judicial administration	440,444	88,808	189,692	-
Public safety	1,868,176	95,594	733,856	-
Public works	1,066,512	225,977	6,811	359,575
Health and welfare	2,352,514	10,179	1,600,554	-
Education	5,143,204	-	-	-
Parks, recreation, and cultural	137,816	3,208	-	-
Community development	398,233	1,757	46,000	200,000
Interest on long-term debt	482,102	-	-	-
Total government activities	<u>\$ 13,077,316</u>	<u>\$ 443,359</u>	<u>\$ 2,864,407</u>	<u>\$ 559,575</u>
Business type activities:				
Sewer	\$ 339,978	\$ 181,702	\$ -	\$ -
Water	7,487	850	-	-
Total primary government	<u>\$ 13,424,781</u>	<u>\$ 625,911</u>	<u>\$ 2,864,407</u>	<u>\$ 559,575</u>
COMPONENT UNITS:				
School Board	\$ 15,348,708	\$ 195,644	\$ 10,788,639	\$ -
IDA	16,642	-	-	-
Total component units	<u>\$ 15,365,350</u>	<u>\$ 195,644</u>	<u>\$ 10,788,639</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
E-911 taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
IDA contribution to County				
County contribution to School Board				
Transfers				
Change in net assets				
Net assets - beginning, as restated				
Net assets - ending				

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

Changes in Net Assets					
Net (Expense) Revenue and					
Primary Government			Component Units		
Governmental	Business		School		
Activities	Type	Total	Board	IDA	
	Activities				
\$ (882,985)	\$ -	\$ (882,985)	\$ -	\$ -	
(161,944)	-	(161,944)	-	-	
(1,038,726)	-	(1,038,726)	-	-	
(474,149)	-	(474,149)	-	-	
(741,781)	-	(741,781)	-	-	
(5,143,204)	-	(5,143,204)	-	-	
(134,608)	-	(134,608)	-	-	
(150,476)	-	(150,476)	-	-	
(482,102)	-	(482,102)	-	-	
<u>\$ (9,209,975)</u>	<u>\$ -</u>	<u>\$ (9,209,975)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (158,276)	\$ (158,276)	\$ -	\$ -	
-	(6,637)	(6,637)	-	-	
<u>\$ (9,209,975)</u>	<u>\$ (164,913)</u>	<u>\$ (9,374,888)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,364,425)	\$ -	
-	-	-	-	(16,642)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,364,425)</u>	<u>\$ (16,642)</u>	
\$ 6,193,617	\$ -	\$ 6,193,617	\$ -	\$ -	
479,574	-	479,574	-	-	
448,121	-	448,121	-	-	
190,243	-	190,243	-	-	
100,339	-	100,339	-	-	
70,114	-	70,114	-	-	
112,767	-	112,767	-	-	
232,035	7,679	239,714	24,681	16,642	
115,761	-	115,761	255,418	-	
971,950	-	971,950	-	-	
16,642	-	16,642	-	-	
-	-	-	4,944,494	-	
(134,338)	134,338	-	-	-	
<u>\$ (413,150)</u>	<u>\$ (22,896)</u>	<u>\$ (436,046)</u>	<u>\$ 860,168</u>	<u>\$ -</u>	
7,913,671	3,684,524	11,598,195	2,296,440	-	
<u>\$ 7,500,521</u>	<u>\$ 3,661,628</u>	<u>\$ 11,162,149</u>	<u>\$ 3,156,608</u>	<u>\$ -</u>	

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2006

<u>ASSETS</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 3,539,290	\$ 714,992	\$ 4,254,282
Restricted assets	706,401	-	706,401
Receivables (Net of allowances for uncollectibles):			
Taxes, including penalties	717,326	-	717,326
Accounts	37,636	-	37,636
Due from component units	752,322	-	752,322
Due from other funds	70,000	-	70,000
Due from other governmental units	490,650	-	490,650
Total	<u>\$ 6,313,625</u>	<u>\$ 714,992</u>	<u>\$ 7,028,617</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 157,705	\$ 525,049	\$ 682,754
Deferred revenue	352,427	-	352,427
Total liabilities	<u>\$ 510,132</u>	<u>\$ 525,049</u>	<u>\$ 1,035,180</u>
<u>FUND BALANCES</u>			
Reserved:			
Advance to IDA	\$ 444,444	\$ -	\$ 444,444
Unreserved:			
Designated:			
E-911 operations	163,859	-	163,859
Debt service	706,401	-	706,401
Capital projects	-	189,943	189,943
Undesignated	4,488,789	-	4,488,789
Total fund balances	<u>\$ 5,803,493</u>	<u>\$ 189,943</u>	<u>\$ 5,993,436</u>
Total liabilities and fund balances	<u>\$ 6,313,625</u>	<u>\$ 714,992</u>	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.	\$ 12,917,633
Adjustment for amounts due to / due from primary government	(206,670)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(212,689)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	349,810
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	<u>(11,340,999)</u>
Net assets of general government activities	<u>\$ 7,500,521</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2006

	General	Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	\$ 6,351,805	\$ -	\$ 6,351,805
Other local taxes	1,401,158	-	1,401,158
Permits, privilege fees and regulatory licenses	94,697	-	94,697
Fines and forfeitures	59,671	-	59,671
Revenue from use of money and property	165,892	66,143	232,035
Charges for services	288,991	-	288,991
Miscellaneous	15,761	100,000	115,761
Intergovernmental:			
IDA contribution to County	16,642	-	16,642
Commonwealth	3,096,284	413,275	3,509,559
Federal	740,073	146,300	886,373
Total revenues	<u>\$ 12,230,974</u>	<u>\$ 725,718</u>	<u>\$ 12,956,692</u>
Expenditures:			
Current:			
General government administration	\$ 1,116,138	\$ 56,174	\$ 1,172,312
Judicial administration	299,743	47,604	347,347
Public safety	1,958,746	410,953	2,369,699
Public works	997,464	1,821,551	2,819,015
Health and welfare	2,375,457	38,850	2,414,307
Education	4,563,295	18,550	4,581,845
Parks, recreation, and cultural	119,875	15,414	135,289
Community development	394,466	10,000	404,466
Nondepartmental	13,257	-	13,257
Debt service:			
Principal retirement	414,167	135,000	549,167
Interest and other fiscal charges	491,409	-	491,409
Total expenditures	<u>\$ 12,744,017</u>	<u>\$ 2,554,096</u>	<u>\$ 15,298,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (513,043)</u>	<u>\$ (1,828,378)</u>	<u>\$ (2,341,421)</u>
Other financing sources (uses):			
Transfers in	\$ 872,754	\$ 341,750	\$ 1,214,504
Transfers (out)	<u>(476,088)</u>	<u>(872,754)</u>	<u>(1,348,842)</u>
Total other financing sources (uses)	<u>\$ 396,666</u>	<u>\$ (531,004)</u>	<u>\$ (134,338)</u>
Net change in fund balances	\$ (116,377)	\$ (2,359,382)	\$ (2,475,759)
Fund balances at beginning of year	<u>5,919,870</u>	<u>2,549,325</u>	<u>8,469,195</u>
Fund balances at end of year	<u><u>\$ 5,803,493</u></u>	<u><u>\$ 189,943</u></u>	<u><u>\$ 5,993,436</u></u>

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
For the Year Ended June 30, 2006

	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	\$ (2,475,759)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.</p>	
Capital outlay	\$ 2,575,140
Depreciation expense	<u>(461,547)</u>
	2,113,593
Transfer of joint tenancy assets from Primary Government to the Component Unit	(296,974)
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.	(158,188)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:</p>	
Principal retired on note payable	\$ 305,000
Principal retired on state literary fund loans	<u>244,167</u>
	549,167
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:</p>	
Change in accrued leave	\$ (69,686)
Change in landfill closure	(84,610)
Change in interest payable	<u>9,307</u>
	<u>(144,989)</u>
Change in net assets of governmental activities	\$ <u>(413,150)</u>

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

Statement of Net Assets - Proprietary Funds
At June 30, 2006

	Sewer Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 126,703	\$ 130,387	\$ 257,090
Accounts receivable	49,895	-	49,895
Total current assets	<u>\$ 176,598</u>	<u>\$ 130,387</u>	<u>\$ 306,985</u>
Noncurrent assets:			
Capital Assets:			
Land	\$ 22,458	-	\$ 22,458
Buildings and equipment, net of depreciation	5,102,785	-	5,102,785
Total noncurrent assets	<u>\$ 5,125,243</u>	<u>\$ -</u>	<u>\$ 5,125,243</u>
Total Assets	<u><u>\$ 5,301,841</u></u>	<u><u>\$ 130,387</u></u>	<u><u>\$ 5,432,228</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,158	\$ 240	\$ 1,398
Due to other funds	70,000	-	70,000
Current portion of long-term obligations	28,354	-	28,354
Total current liabilities	<u>\$ 99,512</u>	<u>\$ 240</u>	<u>\$ 99,752</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	<u>\$ 1,670,848</u>	<u>\$ -</u>	<u>\$ 1,670,848</u>
Total Liabilities	<u>\$ 1,770,360</u>	<u>\$ 240</u>	<u>\$ 1,770,600</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 3,426,041	-	\$ 3,426,041
Unrestricted assets	105,440	130,147	235,587
Total Net Assets	<u>\$ 3,531,481</u>	<u>\$ 130,147</u>	<u>\$ 3,661,628</u>
Total Liabilities and Net Assets	<u><u>\$ 5,301,841</u></u>	<u><u>\$ 130,387</u></u>	<u><u>\$ 5,432,228</u></u>

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

Statement of Revenues, Expenses and Changes in Net Assets -
 Proprietary Funds
 Year Ended June 30, 2006

	Sewer Fund	Water Fund	Totals
Operating revenues:			
Charges for services	\$ 181,702	\$ 850	\$ 182,552
Total revenues	\$ 181,702	\$ 850	\$ 182,552
Operating expenses:			
Depreciation	\$ 177,489	\$ -	\$ 177,489
Miscellaneous	85,294	7,487	92,781
Total operating expenses	\$ 262,783	\$ 7,487	\$ 270,270
Operating income (loss)	\$ (81,081)	\$ (6,637)	\$ (87,718)
Non-operating revenues (expenses)			
Interest income	\$ 5,233	\$ 2,446	\$ 7,679
Interest expense	(77,195)	-	(77,195)
Total nonoperating revenues (expenses)	\$ (71,962)	\$ 2,446	\$ (69,516)
Income (loss) before contributions and transfers	\$ (153,043)	\$ (4,191)	\$ (157,234)
Transfers in	-	134,338	134,338
Change in net assets	\$ (153,043)	\$ 130,147	\$ (22,896)
Net assets at beginning of year	3,684,524	-	3,684,524
Net assets at end of year	\$ 3,531,481	\$ 130,147	\$ 3,661,628

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

Statement of Cash Flows -
 Proprietary Funds
 Year Ended June 30, 2006

	Sewer Fund	Water Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 181,702	\$ 850	\$ 182,552
Payments for operating activities	(92,972)	(7,247)	(100,219)
Net cash provided by (used in) operating activities	<u>\$ 88,730</u>	<u>\$ (6,397)</u>	<u>\$ 82,333</u>
Cash flows from capital and related financing activities:			
Retirement of indebtedness	\$ (27,109)	-	\$ (27,109)
Interest paid on loans	(77,195)	-	(77,195)
Net cash (used in) capital and related financing activities	<u>\$ (104,304)</u>	<u>\$ -</u>	<u>\$ (104,304)</u>
Cash flows from noncapital financing activities:			
Transfers in	\$ -	\$ 134,338	\$ 134,338
Net cash provided by noncapital financing activities	<u>\$ -</u>	<u>\$ 134,338</u>	<u>\$ 134,338</u>
Cash flows from investing activities:			
Interest earned	\$ 5,233	\$ 2,446	\$ 7,679
Net cash provided by investing activities	<u>\$ 5,233</u>	<u>\$ 2,446</u>	<u>\$ 7,679</u>
Increase (decrease) in cash and cash equivalents	\$ (10,341)	\$ 130,387	\$ 120,046
Cash and cash equivalents at beginning of year	<u>137,044</u>	<u>-</u>	<u>137,044</u>
Cash and cash equivalents at end of year	<u><u>\$ 126,703</u></u>	<u><u>\$ 130,387</u></u>	<u><u>\$ 257,090</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (81,081)	\$ (6,637)	\$ (87,718)
Adjustments to reconcile net loss to net cash provided by operations:			
Depreciation	177,489	-	177,489
Changes in operating assets and liabilities:			
Increase/(Decrease) in accounts payable	<u>(7,678)</u>	<u>240</u>	<u>(7,438)</u>
Net cash provided by operating activities	<u><u>\$ 88,730</u></u>	<u><u>\$ (6,397)</u></u>	<u><u>\$ 82,333</u></u>

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

Statement of Fiduciary Net Assets
 At June 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>207,376</u>
Total assets	\$ <u><u>207,376</u></u>
LIABILITIES	
Amounts held for others	\$ <u><u>207,376</u></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, 2006

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

Statement of Activities—The new 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).

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

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

B. Individual Component Unit Disclosures

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

Discretely Presented Component Units—The School Board members are appointed by a School Board Selection Committee whose members are appointed by the Circuit Court and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report and does not have separate taxing powers. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2006.

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

C. Other Related Organizations

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

Included in the County's Annual Financial Report

None

Excluded from the County's Annual Financial Report

Crossroads Community Services Board

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

C. Other Related Organizations: (Continued)

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.

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

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

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

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

The government-wide statement of activities reflect 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.

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

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

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.

1. Governmental Funds

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

a. General Fund

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

b. Capital Project Fund

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

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

Enterprise Funds

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

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

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

The County reports the following major enterprise funds:

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

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

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Budgets and Budgetary Accounting

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

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

F. Cash and Cash Equivalents

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

F. Cash and Cash Equivalents: (Continued)

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

G. Investments

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

H. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$203,252 at June 30, 2006 is composed solely of property taxes.

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

I. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2006 was immaterial.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

I. Capital Assets: (Continued)

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

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

J. Compensated Absences

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

K. Long-term Obligations

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

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

L. Fund Equity

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

M. Retirement Plan

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

N. Use of Estimates

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

O. Net Assets

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

Note 2—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2006 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

<u>Locality's Rate Debt Investments' Values</u>		
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAA</u>	<u>A-1+</u>
Local Government Investment Pool	\$ 4,277,293	\$ -
Corporate Debt	-	303,384
U.S. Treasury Money Market	87,431	-
Bear Stearns Fund	384,625	-
Total	<u>\$ 4,749,349</u>	<u>\$ 303,384</u>

Interest Rate Risk:

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

<u>Investment Maturities (in years)</u>					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Greater Than 10 Years</u>
Corporate Debt	\$ 303,384	\$ 303,384	\$ -	\$ -	\$ -
Bear Stearns Fund	384,625	-	-	-	384,625
	<u>\$ 688,009</u>	<u>\$ 303,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,625</u>

External Investment Pools:

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 3—Due From Other Governmental Units:

At June 30, 2006 the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 239,117
Local sales taxes	96,306	-
Public assistance	20,174	-
Comprehensive services	132,348	-
Recordation tax	5,243	-
Shared expenses	71,624	-
Payment in lieu of taxes	89,627	-
Mobile Home Titling Tax	6,555	-
Federal Government:		
School funds	-	138,053
Public assistance	47,233	-
Criminal justice grant	21,540	-
School food	-	13,565
Total	<u>\$ 490,650</u>	<u>\$ 390,735</u>

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

Primary Government:

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

Details of obligations between the primary government and its component units as of June 30, 2006.

	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 545,652	\$ -
Component Unit-School Board:		
School Operating	-	101,208
Component Unit-Industrial Development Authority:		
Industrial Development Authority	-	444,444
Total	<u>\$ 545,652</u>	<u>\$ 545,652</u>

Note 5—Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 872,754	\$ 476,088
Capital projects	341,750	872,754
Water	134,338	-
Total	<u>\$ 1,348,842</u>	<u>\$ 1,348,842</u>

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

Note 6—Note Receivable:

\$1,000,000 note dated March 1, 1998 to be repaid in monthly installments of \$5,556 through March 2013, interest at no stated rate. At June 30, 2006, the note balance is \$444,444.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 7—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2006:

	Balance July 1, 2005, as restated	Additions	Deletions	Balance June 30, 2006
County:				
Land	\$ 142,089	\$ -	\$ -	\$ 142,089
Buildings and improvements	4,695,042	53,950	-	4,748,992
Equipment (including vehicles)	1,227,089	324,907	-	1,551,996
Jointly owned assets	7,521,885	-	414,167	7,107,718
Construction in Progress	724,816	2,196,283	-	2,921,099
Total	\$ 14,310,921	\$ 2,575,140	\$ 414,167	\$ 16,471,894
Less Accumulated depreciation	<u>3,209,907</u>	<u>461,547</u>	<u>117,193</u>	<u>3,554,261</u>
Net capital assets	<u><u>\$ 11,101,014</u></u>	<u><u>\$ 2,113,593</u></u>	<u><u>\$ 296,974</u></u>	<u><u>\$ 12,917,633</u></u>
School:				
Land	\$ 121,421	\$ -	\$ -	\$ 121,421
Buildings	1,735,949	-	-	1,735,949
Equipment (including vehicles)	2,420,470	161,079	-	2,581,549
Jointly owned assets	1,581,668	414,167	-	1,995,835
Construction in Progress	266,309	635,230	-	266,015
Total	\$ 6,125,817	\$ 1,210,476	\$ -	\$ 6,700,769
Less Accumulated depreciation	<u>3,618,679</u>	<u>400,506</u>	<u>-</u>	<u>4,019,185</u>
Net capital assets	<u><u>\$ 2,507,138</u></u>	<u><u>\$ 809,970</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,317,108</u></u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 7—Capital Assets: (Continued)

Enterprise Capital Assets:

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

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Sewer Fund:				
Equipment	\$ 46,237	\$ -	\$ -	\$ 46,237
Land	22,458	-	-	22,458
Sewer lines	5,295,086	-	-	5,295,086
Buildings	<u>1,447,348</u>	<u>-</u>	<u>-</u>	<u>1,447,348</u>
Totals	\$ 6,811,129	\$ -	\$ -	\$ 6,811,129
Less accumulated depreciation	<u>1,508,397</u>	<u>177,489</u>	<u>-</u>	<u>1,685,886</u>
Net capital assets	<u>\$ 5,302,732</u>	<u>\$ (177,489)</u>	<u>\$ -</u>	<u>\$ 5,125,243</u>

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

Governmental activities:	
General government	\$ 26,309
Judicial administration	89,252
Public safety	134,512
Public works	22,428
Health and welfare	4,426
Education	177,693
Parks, recreation and cultural	2,527
Community development	<u>4,400</u>
Total	<u>\$ 461,547</u>
Component Unit-School Board	<u>\$ 283,313</u>
Sewer Fund	<u>\$ 177,489</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 7—Capital Assets: (Continued)

Capital assets were restated to reflect adjustments to construction in progress at June 30, 2005:

	<u>Balance</u> <u>June 30, 2005</u>	<u>Restatement</u>	<u>Balance</u> <u>July 1, 2005</u>
County			
Land	\$ 142,089	\$ -	\$ 142,089
Buildings and improvements	4,695,042	-	4,695,042
Equipment (including vehicles)	1,227,089	-	1,227,089
Jointly owned assts	7,521,885	-	7,521,885
Construction in progress	<u>103,913</u>	<u>620,903</u>	<u>724,816</u>
Total	\$ 13,690,018	\$ 620,903	\$ 14,310,921
Less accumulated depreciation	<u>3,209,907</u>	-	<u>3,209,907</u>
Net capital assets	<u>\$ 10,480,111</u>	<u>\$ 620,903</u>	<u>\$ 11,101,014</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2006 consist of the following:

Cash reserves for debt service-school	\$ 396,953
Cash reserves for debt service-courthouse	<u>309,448</u>
Total	<u>\$ 706,401</u>

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$352,427 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$349,810 at June 30, 2006.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2006 but paid in advance by the taxpayers totaled \$2,617 at June 30, 2006.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 10—Long—Term Debt:

Primary Government:

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

Year Ending June 30,	Revenue Bonds		General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 28,354	\$ 75,950	\$ 325,000	\$ 347,351	\$ 244,167	\$ 118,732
2008	29,657	74,647	335,000	331,818	244,167	111,407
2009	31,020	73,284	350,000	314,795	244,167	104,082
2010	32,445	71,859	375,000	296,029	244,167	96,757
2011	33,934	70,370	395,000	275,859	244,167	89,432
2012	35,494	68,810	415,000	254,404	236,887	82,107
2013	37,124	67,179	435,000	231,654	166,667	75,000
2014	38,830	65,474	460,000	207,249	166,667	70,000
2015	40,614	63,690	485,000	180,958	166,667	65,000
2016	42,480	61,824	510,000	152,992	166,667	60,000
2017	44,431	59,873	545,000	123,060	166,667	55,000
2018	46,472	57,832	575,000	90,980	166,667	50,000
2019	48,606	55,698	225,000	69,109	166,667	45,000
2020	50,840	53,464	235,000	58,125	166,667	40,000
2021	53,176	51,128	245,000	46,544	166,667	35,000
2022	55,619	48,685	260,000	34,233	166,667	30,000
2023	58,175	46,129	275,000	21,056	166,667	25,000
2024	60,847	43,458	285,000	7,125	166,667	20,000
2025	63,642	40,662	-	-	166,667	15,000
2026	66,566	37,738	-	-	166,667	10,000
2027	69,623	34,681	-	-	166,657	5,000
2028	72,822	31,481	-	-	-	-
2029	76,167	28,137	-	-	-	-
2030	79,666	24,638	-	-	-	-
2031	83,327	20,977	-	-	-	-
2032	87,155	17,149	-	-	-	-
2033	91,158	13,146	-	-	-	-
2034	95,345	8,959	-	-	-	-
2035	99,726	4,578	-	-	-	-
2036	44,075	782	-	-	-	-
2037	1,812	7	-	-	-	-
Total	\$ <u>1,699,202</u>	\$ <u>1,372,289</u>	\$ <u>6,730,000</u>	\$ <u>3,043,341</u>	\$ <u>3,957,717</u>	\$ <u>1,202,517</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 10—Long—Term Debt: (Continued)

The following is a summary of changes in long-term obligation transactions for the fiscal year ending June 30, 2006.

	Amounts Payable at July 1, 2005	Increases	Decreases	Amounts Payable at June 30, 2006	Amounts Due Within OneYear
Governmental Activities:					
Compensated absences payable	\$ 158,134	\$ 39,534	\$ 56,540	\$ 141,128	\$ 14,113
Landfill closures	427,544	84,610	-	512,154	-
County General obligations bonds	3,715,000	-	135,000	3,580,000	140,000
School general obligation debt	3,320,000	-	170,000	3,150,000	185,000
Literary fund loans	4,201,884	-	244,167	3,957,717	244,167
	<u>11,822,562</u>	<u>124,144</u>	<u>605,707</u>	<u>11,340,999</u>	<u>583,280</u>
Total Governmental Activities	\$ 11,822,562	\$ 124,144	\$ 605,707	\$ 11,340,999	\$ 583,280
Enterprise Fund:					
Revenue Bonds	<u>1,726,311</u>	<u>-</u>	<u>27,109</u>	<u>1,699,202</u>	<u>28,354</u>
Total primary government	<u>\$ 13,548,873</u>	<u>\$ 124,144</u>	<u>\$ 632,816</u>	<u>\$ 13,040,201</u>	<u>\$ 611,634</u>

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

Revenue Bonds Payable:

\$1,548,800 series 1995 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 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. \$ 1,400,354

\$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. 298,848

Total Revenue Bonds \$ 1,699,202

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 10—Long—Term Debt: (Continued)

Primary Government: (Continued)

Governmental Funds:

State Literary Fund Loans:

\$1,542,720, issued May 22, 1993, due in principal annual installments of \$77,500, interest payable annually at 3% \$ 457,720

\$5,000,000, issued February 27, 1997 due in principal annual installments of \$166,667, interest payable annually at 3% 3,499,997

Total State Literary Funds \$ 3,957,717

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% \$ 3,150,000

\$3,845,000 obligation dated October 1, 2001 payable in various annual installments through July 1, 2023, interest payable semi-annually at 4.627% 3,580,000

Total General Obligation Bonds \$ 6,730,000

Accrued compensated absences \$ 141,128

Landfill closure \$ 512,154

Total governmental fund long-term obligations \$ 11,340,999

Total Primary Government \$ 13,040,201

Component Unit School Board:

The following is a summary of change in long-term obligation transactions for fiscal year ending June 30, 2006:

	<u>Amounts Payable at July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2006</u>	<u>Amounts Due Within OneYear</u>
Compensated absences payable	\$ 119,978	\$ 116,687	\$ 29,995	\$ 206,670	\$ 20,667
Capital lease	<u>210,698</u>	<u>-</u>	<u>50,198</u>	<u>160,500</u>	<u>51,814</u>
Total	<u>\$ 330,676</u>	<u>\$ 116,687</u>	<u>\$ 80,193</u>	<u>\$ 367,170</u>	<u>\$ 72,481</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 10—Long—Term Debt: (Continued)

Component Unit School Board: (Continued)

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

Year Ending June 30,	Capital Lease	
	Principal	Interest
2007	\$ 51,814	\$ 5,168
2008	53,482	3,500
2009	55,204	1,778
Total	\$ 160,500	\$ 10,446

Details of long-term obligations are as follows:

\$210,698 capital lease for school buses payable in annual installments of \$56,982 through October 7, 2008. Interest payable at 3.22%	\$ 160,500
Compensated absences	<u>206,670</u>
Total long-term obligations	<u>\$ 367,170</u>

Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites after closure. The County will also incur the estimated total closure and postclosure cost of \$512,154 over the next four years.

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

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 12—Defined Benefit Pension Plan:

A. Plan Description

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

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

The System issued a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non—professional employer contribution rates for the fiscal year ended 2006 were 4% and 1.50% of annual covered payroll, respectively.

The School Board’s professional employers contributed \$451,154 and \$377,982 and \$211,075 to the teacher cost—sharing pool for the fiscal years ended June 30, 2006, 2005 and 2004 respectively and these contributions represented 6.62%, 6.63%, and 3.77% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal 2006, the County’s annual pension cost of \$94,762 was equal to the County’s required and actual contributions. The required contributions were determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

In fiscal 2006, the School Board’s annual pension cost for the non—professional employers was \$10,365 which was equal to the Board’s required and actual contributions. The required contributions were determined as a part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

	<u>County</u>	<u>Non-Professional School Board</u>
Valuation date	June 30, 2003	June 30, 2003
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	12 Years	11 Years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ¹	8.00%	8.00%
Projected salary increases: ¹		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

¹ Includes inflation at 3%

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2006	\$ 94,762	100%	\$ -
June 30, 2005	82,316	100%	-
June 30, 2004	18,556	100%	-
School Board Non-Professional:			
June 30, 2006	\$ 10,365	100%	\$ -
June 30, 2005	9,807	100%	-
June 30, 2004	5,619	100%	-

(1) Employer portion only

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 13—Risk Management:

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

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

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

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

Note 14—Litigation:

At June 30, 2006, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 15—Surety Bond Information:

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual -- General Fund
 Year Ended June 30, 2006

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 5,928,587	\$ 5,928,587	\$ 6,351,805	\$ 423,218
Other local taxes	1,115,022	1,115,022	1,401,158	286,136
Permits, privilege fees and regulatory licenses	65,323	65,323	94,697	29,374
Fines and forfeitures	19,300	57,972	59,671	1,699
Revenue from use of money and property	74,500	74,500	165,892	91,392
Charges for services	65,624	75,661	288,991	213,330
Miscellaneous	126,500	127,937	15,761	(112,176)
Intergovernmental:				
County contribution from IDA	7,100	7,100	16,642	9,542
Commonwealth	2,639,339	3,357,862	3,096,284	(261,578)
Federal	554,089	774,671	740,073	(34,598)
Total revenues	\$ 10,595,384	\$ 11,584,635	\$ 12,230,974	\$ 646,339
Expenditures:				
Current:				
General government administration	\$ 1,154,717	\$ 1,169,407	\$ 1,116,138	\$ 53,269
Judicial administration	303,948	326,554	299,743	26,811
Public safety	1,626,516	1,913,261	1,958,746	(45,485)
Public works	855,864	978,050	997,464	(19,414)
Health and welfare	1,772,960	2,754,648	2,375,457	379,191
Education	3,713,999	4,454,306	4,563,295	(108,989)
Parks, recreation, and cultural	111,348	120,195	119,875	320
Community development	474,928	509,509	394,466	115,043
Nondepartmental	62,000	17,925	13,257	4,668
Debt service:				
Principal retirement	414,167	414,167	414,167	-
Interest and other fiscal charges	491,637	493,409	491,409	2,000
Total expenditures	\$ 10,982,084	\$ 13,151,431	\$ 12,744,017	\$ 407,414
Excess (deficiency) of revenues over expenditures	\$ (386,700)	\$ (1,566,796)	\$ (513,043)	\$ 1,053,753
Other financing sources (uses):				
Transfers in	\$ -	\$ 717,090	\$ 872,754	\$ 155,664
Transfers (out)	(498,454)	(498,454)	(476,088)	22,366
Total other financing sources (uses)	\$ (498,454)	\$ 218,636	\$ 396,666	\$ 178,030
Net change in fund balance	\$ (885,154)	\$ (1,348,160)	\$ (116,377)	\$ 1,231,783
Fund balance at beginning of year	885,154	1,348,160	5,919,870	4,571,710
Fund balance at end of year	\$ -	\$ -	\$ 5,803,493	\$ 5,803,493

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

County

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2005	\$ 5,123,066	\$ 5,797,134	\$ 674,068	88.37%	\$ 2,046,392	32.94%
6/30/2004	4,973,451	4,945,048	(28,403)	100.57%	1,883,374	(1.51%)
6/30/2003	4,942,651	4,652,115	(290,536)	106.25%	1,767,633	(16.44%)

School Board Non-Professional:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2005	\$ 1,651,714	\$ 1,588,756	\$ (62,958)	103.96%	\$ 651,563	(9.66%)
6/30/2004	1,624,832	1,398,143	(226,689)	116.21%	727,601	(31.16%)
6/30/2003	1,597,951	1,324,960	(272,991)	120.60%	757,868	(36.02%)

OTHER SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual -- Capital Projects Fund
 Year Ended June 30, 2006

	Capital Projects Funds			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 66,143	\$ 66,143
Miscellaneous	-	100,000	100,000	-
Intergovernmental:				
Commonwealth	-	541,491	413,275	(128,216)
Federal	-	146,300	146,300	-
Total revenues	\$ -	\$ 787,791	\$ 725,718	\$ (62,073)
Expenditures:				
Current:				
General government administration	\$ 45,000	\$ 45,000	\$ 56,174	\$ (11,174)
Judicial administration	-	37,539	47,604	(10,065)
Public safety	132,750	526,053	410,953	115,100
Public works	6,000	1,323,052	1,821,551	(498,499)
Health and welfare	20,000	38,850	38,850	-
Education	-	18,550	18,550	-
Parks, recreation, and cultural	103,000	103,000	15,414	87,586
Community development	35,000	47,814	10,000	37,814
Debt service:				
Principal retirement	135,000	135,000	135,000	-
Total expenditures	\$ 476,750	\$ 2,274,858	\$ 2,554,096	\$ (279,238)
Excess (deficiency) of revenues over expenditures	\$ (476,750)	\$ (1,487,067)	\$ (1,828,378)	\$ (341,311)
Other financing sources (uses):				
Transfers in	\$ 341,750	\$ 341,750	\$ 341,750	\$ -
Transfers out	-	(872,754)	(872,754)	-
Total other financing sources (uses)	\$ 341,750	\$ (531,004)	\$ (531,004)	\$ -
Net change in fund balance	\$ (135,000)	\$ (2,018,071)	\$ (2,359,382)	\$ (341,311)
Fund balance at beginning of year	135,000	2,018,071	2,549,325	531,254
Fund balance at end of year	\$ -	\$ -	\$ 189,943	\$ 189,943

Combining Statement of Fiduciary Net Assets -
 Agency Funds
 At June 30, 2006

	Agency Funds				Totals
	Special Welfare Fund	Sheriff's Forfeiture Fund	Virginia Retreat Consortion	Landfill Escrow Fund	
ASSETS					
Cash and cash equivalents	\$ 4,934	\$ 139,365	\$ 5,484	\$ 57,593	\$ 207,376
Total assets	<u>\$ 4,934</u>	<u>\$ 139,365</u>	<u>\$ 5,484</u>	<u>\$ 57,593</u>	<u>\$ 207,376</u>
LIABILITIES					
Amounts held for sheriff	\$ -	\$ 139,365	\$ -	\$ -	\$ 139,365
Amounts held for social service clients	4,934	-	-	-	4,934
Amounts held for consortium	-	-	5,484	-	5,484
Amounts held for landfill	-	-	-	57,593	57,593
Total liabilities	<u>\$ 4,934</u>	<u>\$ 139,365</u>	<u>\$ 5,484</u>	<u>\$ 57,593</u>	<u>\$ 207,376</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2006

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash	\$ 7,327	\$ 28,749	\$ 31,142	\$ 4,934
Liabilities:				
Amounts held for social service clients	\$ 7,327	\$ 28,749	\$ 31,142	\$ 4,934
Sheriff's Forfeiture Fund:				
Assets:				
Cash	\$ 52,848	\$ 113,553	\$ 27,036	\$ 139,365
Liabilities:				
Amounts held for sheriff	\$ 52,848	\$ 113,553	\$ 27,036	\$ 139,365
Virginia Retreat Consortium:				
Assets:				
Cash	\$ 50,907	\$ 77,847	\$ 123,270	\$ 5,484
Total assets	\$ 50,907	\$ 77,847	\$ 123,270	\$ 5,484
Liabilities:				
Amounts held for consortium	\$ 50,907	\$ 77,847	\$ 123,270	\$ 5,484
Total liabilities	\$ 50,907	\$ 77,847	\$ 123,270	\$ 5,484
Landfill Escrow Fund:				
Assets:				
Cash	\$ 55,264	\$ 2,329	\$ -	\$ 57,593
Total assets	\$ 55,264	\$ 2,329	\$ -	\$ 57,593
Liabilities:				
Amounts held for landfill	\$ 55,264	\$ 2,329	\$ -	\$ 57,593
Total liabilities	\$ 55,264	\$ 2,329	\$ -	\$ 57,593
Totals -- All agency funds				
Assets:				
Cash	\$ 166,346	\$ 222,478	\$ 181,448	\$ 207,376
Total assets	\$ 166,346	\$ 222,478	\$ 181,448	\$ 207,376
Liabilities:				
Amounts held for social service clients	\$ 7,327	\$ 28,749	\$ 31,142	\$ 4,934
Amounts held for sheriff	52,848	113,553	27,036	139,365
Amounts held for consortium	50,907	77,847	123,270	5,484
Amounts held for landfill	55,264	2,329	-	57,593
Total liabilities	\$ 166,346	\$ 222,478	\$ 181,448	\$ 207,376

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Discretely Presented Component Unit-School Board

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Balance Sheet -
Discretely Presented Component Unit - School Board
At June 30, 2006

	<u>Component Unit</u>
	<u>School Board</u>
ASSETS	
Cash and cash equivalents	\$ 1,263,266
Due from other governmental units	<u>390,735</u>
Total	<u>\$ 1,654,001</u>
LIABILITIES	
Accounts payable	\$ 199,275
Accrued liabilities	1,146,848
Due to primary government	<u>307,878</u>
Total liabilities	<u>\$ 1,654,001</u>
FUND BALANCES	
Unreserved:	
Unreserved	\$ <u>-</u>
Total fund balances	<u>\$ -</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net assets:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.	3,317,108
Adjustment for amounts due to / due from primary government	206,670
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	<u>(367,170)</u>
Net assets of General Government Activities	<u>\$ 3,156,608</u>

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2006

	Component Unit <u>School Board</u>
Revenues:	
Revenue from use of money and property	\$ 24,681
Charges for services	195,644
Miscellaneous	255,418
Intergovernmental:	
County contribution to School Board	4,560,828
Commonwealth	8,233,705
Federal	<u>2,554,934</u>
Total revenues	<u>\$ 15,825,210</u>
Expenditures:	
Current:	
Education	<u>\$ 15,825,210</u>
Total expenditures	<u>\$ 15,825,210</u>
Net change in fund balances	\$ -
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2006

	Component Unit School Board			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 24,681	\$ 24,681
Charges for services	-	-	195,644	195,644
Miscellaneous	-	138,627	255,418	116,791
Intergovernmental:				
County contribution to School Board	3,711,532	4,451,839	4,560,828	108,989
Commonwealth	7,992,887	8,292,887	8,233,705	(59,182)
Federal	2,591,411	2,741,411	2,554,934	(186,477)
Total revenues	\$ 14,295,830	\$ 15,624,764	\$ 15,825,210	\$ 200,446
Expenditures:				
Current:				
Education	\$ 14,295,830	\$ 15,624,764	\$ 15,825,210	\$ (200,446)
Total expenditures	\$ 14,295,830	\$ 15,624,764	\$ 15,825,210	\$ (200,446)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Statement of Activities -
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2006

Component
Unit
School
Board

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

Net change in fund balances - total governmental funds \$ -

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 512,996

Transfer of joint tenancy assets from Primary Government to the Component Unit 296,974

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 50,198

Change in net assets of governmental activities \$ 860,168

Discretely Presented Component Unit-Industrial Development Authority

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Statement of Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 At June 30, 2006

ASSETS	Discretely Presented Component Unit
Note receivable	\$ 444,444
Total	\$ 444,444
LIABILITIES	
Due to primary government	\$ 444,444
Total liabilities	\$ 444,444
Net Assets	
Unreserved:	
Unreserved	\$ -
Total net assets	\$ -

Statement of Revenues, Expenses and Changes in Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2006

	<u>Discretely Presented Component Unit</u>
Non-operating revenues (expenses):	
Interest income	\$ 16,642
Contribution to County of Cumberland	<u>(16,642)</u>
Total nonoperating revenues (expenses)	<u>\$ -</u>
Increase (decrease) in net assets	\$ -
Net assets at beginning of year	<u>-</u>
Net assets at end of year	<u><u>\$ -</u></u>

Statement of Cash Flows -
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2006

	Discretely Presented Component Unit
	<u> </u>
Cash Flows from Noncapital Financing Activities:	
Contribution to County of Cumberland	\$ <u> (16,642)</u>
Net cash provided by (used in) operating activities	\$ <u> (16,642)</u>
Cash flows from capital and related financing activities:	
Note repayment	\$ 72,222
Retirement of due to primary government	<u> (72,222)</u>
Net cash provided by (used in) capital and related financing activities	\$ <u> -</u>
Cash flows from investing activities:	
Investment interest earned	\$ <u> 16,642</u>
Net cash provided by (used in) investing activities	\$ <u> 16,642</u>
Increase in cash and cash equivalents	\$ -
Cash and cash equivalents at beginning of year	<u> -</u>
Cash and cash equivalents at end of year	\$ <u><u> -</u></u>

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Supporting Schedules

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2006

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	\$ 3,907,887	\$ 3,907,887	\$ 4,270,873	\$ 362,986
Real and personal public service corporation property taxes	420,000	420,000	338,068	(81,932)
Personal property taxes	1,280,000	1,280,000	1,421,085	141,085
Mobile Homes	61,500	61,500	64,118	2,618
Airplane taxes	6,200	6,200	6,059	(141)
Machinery and tools taxes	75,000	75,000	73,005	(1,995)
Penalties	110,000	110,000	101,660	(8,340)
Interest	68,000	68,000	76,937	8,937
Total general property taxes	<u>\$ 5,928,587</u>	<u>\$ 5,928,587</u>	<u>\$ 6,351,805</u>	<u>\$ 423,218</u>
Other local taxes:				
Local sales and use taxes	\$ 350,000	\$ 350,000	\$ 479,574	\$ 129,574
Consumers' utility taxes	360,000	360,000	448,121	88,121
Business license taxes	88,000	88,000	100,339	12,339
Franchise license taxes	8,000	8,000	-	(8,000)
Bank franchise tax	23,000	23,000	33,751	10,751
Motor vehicle licenses	192,000	192,000	190,243	(1,757)
Taxes on recordation and wills	29,022	29,022	79,016	49,994
E-911 taxes	65,000	65,000	70,114	5,114
Total other local taxes	<u>\$ 1,115,022</u>	<u>\$ 1,115,022</u>	<u>\$ 1,401,158</u>	<u>\$ 286,136</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 6,081	\$ (919)
Building and related permits	55,700	55,700	76,214	20,514
Transfer fees	473	473	565	92
Land use application fees	150	150	5,110	4,960
Zoning fees	2,000	2,000	6,727	4,727
Total permits, privilege fees and regulatory licenses	<u>\$ 65,323</u>	<u>\$ 65,323</u>	<u>\$ 94,697</u>	<u>\$ 29,374</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 19,300	\$ 57,972	\$ 59,671	\$ 1,699
Total fines and forfeitures	<u>\$ 19,300</u>	<u>\$ 57,972</u>	<u>\$ 59,671</u>	<u>\$ 1,699</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 74,000	\$ 74,000	\$ 149,505	\$ 75,505
Revenue from use of property	500	500	16,387	15,887
Total revenue from use of money and property	<u>\$ 74,500</u>	<u>\$ 74,500</u>	<u>\$ 165,892</u>	<u>\$ 91,392</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ 360	\$ 360	\$ 360	\$ -
Commonwealth attorney fees	125	125	333	208
Landfill host agreement fees	-	-	225,000	225,000
Other charges for services	<u>65,139</u>	<u>75,176</u>	<u>63,298</u>	<u>(11,878)</u>
Total charges for services	<u>\$ 65,624</u>	<u>\$ 75,661</u>	<u>\$ 288,991</u>	<u>\$ 213,330</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 126,500</u>	<u>\$ 127,937</u>	<u>\$ 15,761</u>	<u>\$ (112,176)</u>
Total miscellaneous revenue	<u>\$ 126,500</u>	<u>\$ 127,937</u>	<u>\$ 15,761</u>	<u>\$ (112,176)</u>
Total revenue from local sources	<u>\$ 7,394,856</u>	<u>\$ 7,445,002</u>	<u>\$ 8,377,975</u>	<u>\$ 932,973</u>
Intergovernmental revenue:				
IDA contribution to County	<u>\$ 7,100</u>	<u>\$ 7,100</u>	<u>\$ 16,642</u>	<u>\$ 9,542</u>
Revenue from the Commonwealth:				
Payments in lieu of taxes	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 89,627</u>	<u>\$ 29,627</u>
Noncategorical aid:				
ABC profits	\$ 13,800	\$ 13,800	\$ 5,006	\$ (8,794)
Wine taxes	8,600	8,600	5,248	(3,352)
Rental tax - DMV	1,900	1,900	559	(1,341)
Mobile home titling taxes	34,000	34,000	16,011	(17,989)
Tax on deeds	10,000	10,000	18,840	8,840
PPTRA	850,000	852,096	903,379	51,283
Railroad rolling stock taxes	6,200	6,200	6,213	13
Recordation tax	<u>16,800</u>	<u>16,800</u>	<u>16,694</u>	<u>(106)</u>
Total noncategorical aid	<u>\$ 941,300</u>	<u>\$ 943,396</u>	<u>\$ 971,950</u>	<u>\$ 28,554</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 64,848	\$ 64,848	\$ 64,740	\$ (108)
Sheriff	521,174	521,174	525,002	3,828
Commissioner of the Revenue	75,192	75,192	75,951	759
Treasurer	79,559	79,559	79,509	(50)
Medical examiner	300	300	120	(180)
Registrar/electoral board	29,745	30,176	33,332	3,156
Clerk of the Circuit Court	<u>111,709</u>	<u>133,382</u>	<u>124,952</u>	<u>(8,430)</u>
Total shared expenses	<u>\$ 882,527</u>	<u>\$ 904,631</u>	<u>\$ 903,606</u>	<u>\$ (1,025)</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2006 (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)				
Shared expenses: (continued)				
Other categorical aid:				
Fire programs	\$ 16,000	\$ 36,091	\$ 19,348	\$ (16,743)
Litter Control	4,375	4,375	6,568	2,193
Emergency medical services	4,347	4,347	7,475	3,128
Biosolids monitor reimbursement	16,000	16,000	243	(15,757)
E-911	-	88,275	88,275	-
Comprehensive Services Act	442,873	1,028,830	764,993	(263,837)
Foster care reimbursement	-	-	674	674
Abandoned vehicle program	3,500	3,500	-	(3,500)
Public assistance and welfare	268,417	268,417	243,525	(24,892)
Total other categorical aid	<u>\$ 755,512</u>	<u>\$ 1,449,835</u>	<u>\$ 1,131,101</u>	<u>\$ (318,734)</u>
Total categorical aid	<u>\$ 1,638,039</u>	<u>\$ 2,354,466</u>	<u>\$ 2,034,707</u>	<u>\$ (319,759)</u>
Total revenue from the Commonwealth	<u>\$ 2,639,339</u>	<u>\$ 3,357,862</u>	<u>\$ 3,096,284</u>	<u>\$ (261,578)</u>
Revenue from the Federal Government:				
Categorical aid:				
Homeland security grant	\$ -	\$ 66,302	\$ 66,302	\$ -
HAVA grant	-	9,075	9,075	-
Criminal justice grant	-	24,666	21,540	(3,126)
Public assistance and welfare	554,089	668,834	591,362	(77,472)
Highway safety grant	-	4,584	4,584	-
Rural development grant	-	-	46,000	46,000
Law enforcement block grant	-	1,210	1,210	-
Total categorical aid	<u>\$ 554,089</u>	<u>\$ 774,671</u>	<u>\$ 740,073</u>	<u>\$ (34,598)</u>
Total revenue from the Federal Government	<u>\$ 554,089</u>	<u>\$ 774,671</u>	<u>\$ 740,073</u>	<u>\$ (34,598)</u>
Total General Fund	<u>\$ 10,595,384</u>	<u>\$ 11,584,635</u>	<u>\$ 12,230,974</u>	<u>\$ 646,339</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 66,143	\$ 66,143
Miscellaneous revenue:				
Contribution from Henrico County for Reservoir Project	-	100,000	100,000	-
Total revenue from local sources	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 166,143</u>	<u>\$ 66,143</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Water assistance grant	\$ -	\$ 223,960	\$ 213,275	\$ (10,685)
Tobacco indemnification and revitalization grant	-	317,531	200,000	(117,531)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 541,491</u>	<u>\$ 413,275</u>	<u>\$ (128,216)</u>
Revenue from the Federal Government:				
Categorical aid:				
Rural development grant	\$ -	\$ 146,300	\$ 146,300	\$ -
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 787,791</u>	<u>\$ 725,718</u>	<u>\$ (62,073)</u>
Grand Total Revenues -- Primary Government	<u>\$ 10,595,384</u>	<u>\$ 12,372,426</u>	<u>\$ 12,956,692</u>	<u>\$ 584,266</u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	-	\$ 24,681	\$ 24,681
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,681</u>	<u>\$ 24,681</u>
Charges for services:				
Cafeteria sales	\$ -	-	\$ 195,644	\$ 195,644
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,644</u>	<u>\$ 195,644</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	-	\$ 32,290	\$ 32,290
Literary Foundation grant	-	-	50,000	50,000
Miscellaneous	-	138,627	173,128	34,501
Total miscellaneous	<u>\$ -</u>	<u>\$ 138,627</u>	<u>\$ 255,418</u>	<u>\$ 116,791</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 138,627</u>	<u>\$ 475,743</u>	<u>\$ 337,116</u>
Intergovernmental revenue:				
County contribution to School Board	\$ 3,711,532	\$ 4,451,839	\$ 4,560,828	\$ 108,989
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ -	-	\$ 1,419,881	\$ 1,419,881
Basic school aid	-	-	3,956,210	3,956,210
Reduced K-3	-	-	165,436	165,436
Special ed SOQ	-	-	485,475	485,475
Remedial education	-	-	191,427	191,427
Technology	-	-	128,000	128,000
Lottery	-	-	237,725	237,725
School construction	-	-	120,467	120,467

Governmental Funds and Discretely Presented Component Units
Statement of Revenues -- Budget and Actual
Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Social security	\$ -	\$ -	\$ 203,268	\$ 203,268
Teacher retirement	-	-	190,440	190,440
At risk	-	-	223,414	223,414
At risk four year olds	-	-	190,539	190,539
Tobacco indemnification grant	-	-	250,000	250,000
Other state funds	<u>7,992,887</u>	<u>8,292,887</u>	<u>471,423</u>	<u>(7,821,464)</u>
Total categorical aid	<u>\$ 7,992,887</u>	<u>\$ 8,292,887</u>	<u>\$ 8,233,705</u>	<u>\$ (59,182)</u>
Total revenue from the Commonwealth	<u>\$ 7,992,887</u>	<u>\$ 8,292,887</u>	<u>\$ 8,233,705</u>	<u>\$ (59,182)</u>
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ -	\$ -	\$ 233,152	\$ 233,152
Title I	-	-	361,730	361,730
Title V	-	-	17,204	17,204
Title VI -- B -- Special Education	-	-	331,288	331,288
Drug free schools	-	-	9,601	9,601
School food	-	-	414,516	414,516
Vocational education	-	-	460	460
ROTC	-	-	57,143	57,143
Preschool	-	-	7,455	7,455
Title II - part A	-	-	91,872	91,872
Title II - teacher quality	-	-	4,743	4,743
School reform	-	-	36,539	36,539
Learn and service america	-	-	30,000	30,000
Reading first	-	-	269,048	269,048
State assessments and related activities	-	-	2,138	2,138
21st century grant	-	-	600,927	600,927
Literacy challenge	-	-	9,482	9,482
Gear up grant	-	-	77,636	77,636
Other federal funds	<u>2,591,411</u>	<u>2,741,411</u>	<u>-</u>	<u>(2,741,411)</u>
Total categorical aid	<u>\$ 2,591,411</u>	<u>\$ 2,741,411</u>	<u>\$ 2,554,934</u>	<u>\$ (186,477)</u>
Total revenue from the federal government	<u>\$ 2,591,411</u>	<u>\$ 2,741,411</u>	<u>\$ 2,554,934</u>	<u>\$ (186,477)</u>
Total School Operating Fund	<u>\$ 14,295,830</u>	<u>\$ 15,624,764</u>	<u>\$ 15,825,210</u>	<u>\$ 200,446</u>
Grand Total Revenues -- Component Unit -- School Board	<u>\$ 14,295,830</u>	<u>\$ 15,624,764</u>	<u>\$ 15,825,210</u>	<u>\$ 200,446</u>
Grand Total Revenues -- Reporting Entity	<u>\$ 24,891,214</u>	<u>\$ 27,997,190</u>	<u>\$ 28,781,902</u>	<u>\$ 784,712</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2006

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	\$ 81,382	\$ 103,127	\$ 97,023	\$ 6,104
General and financial administration:				
County administrator	\$ 193,141	\$ 179,505	\$ 178,049	\$ 1,456
Legal services	75,000	72,685	88,006	(15,321)
Independent Auditor	21,500	22,200	22,200	-
Commissioner of the revenue	176,790	176,790	171,075	5,715
Assessor	89,000	87,228	43,680	43,548
Equalization board	2,000	2,000	1,149	851
License bureau	10,287	10,287	9,927	360
Treasurer	230,656	230,656	229,708	948
Accounting	100,118	98,768	98,590	178
Grant writing/Administration	-	1,812	1,812	-
Data Processing	92,496	92,496	88,298	4,198
Total general and financial administration	\$ 990,988	\$ 974,427	\$ 932,494	\$ 41,933
Board of Elections:				
Electoral board and officials	\$ 17,632	\$ 27,138	26,008	\$ 1,130
Registrar	64,715	64,715	60,613	4,102
Total board of elections	\$ 82,347	\$ 91,853	\$ 86,621	\$ 5,232
Total general government administration	\$ 1,154,717	\$ 1,169,407	\$ 1,116,138	\$ 53,269
Judicial administration:				
Courts:				
Circuit court	\$ 15,010	\$ 13,110	\$ 12,912	\$ 198
General district court	4,845	4,845	3,986	859
Special magistrates	6,026	5,426	5,328	98
Law library	-	3,433	3,446	(13)
Clerk of the circuit court	187,729	209,402	192,428	16,974
Total courts	\$ 213,610	\$ 236,216	\$ 218,100	\$ 18,116
Commonwealth's attorney:				
Commonwealth's attorney	\$ 90,338	\$ 90,338	\$ 81,643	\$ 8,695
Total judicial administration	\$ 303,948	\$ 326,554	\$ 299,743	\$ 26,811
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 980,232	\$ 1,070,198	\$ 1,137,497	\$ (67,299)
School resource officer	47,926	47,926	37,520	10,406
Total law enforcement and traffic control	\$ 1,028,158	\$ 1,118,124	\$ 1,175,017	\$ (56,893)

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2006

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 95,500	\$ 126,106	\$ 125,858	\$ 248
Ambulance and rescue service	40,000	55,364	55,364	-
E-911	99,215	319,323	333,155	(13,832)
Emergency services	-	1,664	1,664	-
Lead communications officer	77,660	-	-	-
Forestry service	5,814	5,814	5,813	1
Total fire and rescue services	<u>\$ 318,189</u>	<u>\$ 508,271</u>	<u>\$ 521,854</u>	<u>\$ (13,583)</u>
Correction and detention:				
Sheriff	\$ 40,000	\$ 40,000	\$ 31,898	\$ 8,102
Probation office	2,120	2,120	1,233	887
Total correction and detention	<u>\$ 42,120</u>	<u>\$ 42,120</u>	<u>\$ 33,131</u>	<u>\$ 8,989</u>
Inspections:				
Building	\$ 98,608	\$ 98,608	\$ 88,289	\$ 10,319
Total inspections	<u>\$ 98,608</u>	<u>\$ 98,608</u>	<u>\$ 88,289</u>	<u>\$ 10,319</u>
Other protection:				
Animal control	\$ 94,341	\$ 94,341	\$ 88,906	\$ 5,435
Randolph community center	44,900	51,597	51,349	248
Medical examiner (coroner)	200	200	200	-
Total other protection	<u>\$ 139,441</u>	<u>\$ 146,138</u>	<u>\$ 140,455</u>	<u>\$ 5,683</u>
Total public safety	<u>\$ 1,626,516</u>	<u>\$ 1,913,261</u>	<u>\$ 1,958,746</u>	<u>\$ (45,485)</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 437,485	\$ 492,005	\$ 490,583	\$ 1,422
Litter grant	5,143	5,143	275	4,868
Recycling	29,000	29,910	32,695	(2,785)
Total sanitation and waste removal	<u>\$ 471,628</u>	<u>\$ 527,058</u>	<u>\$ 523,553</u>	<u>\$ 3,505</u>
Maintenance of general buildings and grounds:				
General properties	\$ 384,236	\$ 450,992	\$ 473,911	\$ (22,919)
Total maintenance of general buildings and grounds	<u>\$ 384,236</u>	<u>\$ 450,992</u>	<u>\$ 473,911</u>	<u>\$ (22,919)</u>
Total public works	<u>\$ 855,864</u>	<u>\$ 978,050</u>	<u>\$ 997,464</u>	<u>\$ (19,414)</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2006

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 85,236	\$ 86,673	\$ 81,473	\$ 5,200
Hospital and other health organizations	2,449	2,449	2,449	-
Total health	<u>\$ 87,685</u>	<u>\$ 89,122</u>	<u>\$ 83,922</u>	<u>\$ 5,200</u>
Mental health and mental retardation:				
Chapter X board	\$ 25,343	\$ 25,343	\$ 25,343	\$ -
Hospitalization - inpatient	1,780	1,780	1,149	631
Total mental health and mental retardation	<u>\$ 27,123</u>	<u>\$ 27,123</u>	<u>\$ 26,492</u>	<u>\$ 631</u>
Welfare:				
Welfare administration & public assistance	\$ 1,021,840	\$ 1,171,315	\$ 1,042,774	\$ 128,541
CSA - at risk youth	636,312	1,467,088	1,222,269	244,819
Total welfare	<u>\$ 1,658,152</u>	<u>\$ 2,638,403</u>	<u>\$ 2,265,043</u>	<u>\$ 373,360</u>
Total health and welfare	<u>\$ 1,772,960</u>	<u>\$ 2,754,648</u>	<u>\$ 2,375,457</u>	<u>\$ 379,191</u>
Education:				
Contributions to community colleges	\$ 2,467	\$ 2,467	\$ 2,467	\$ -
Contributions to school board component unit	3,711,532	4,451,839	4,560,828	(108,989)
Total education	<u>\$ 3,713,999</u>	<u>\$ 4,454,306</u>	<u>\$ 4,563,295</u>	<u>\$ (108,989)</u>
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 42,518	\$ 43,118	\$ 42,798	\$ 320
Library:				
Local library	\$ 66,330	\$ 74,577	\$ 74,577	\$ -
Tri-county life learners	2,500	2,500	2,500	-
Total parks, recreation and cultural	<u>\$ 111,348</u>	<u>\$ 120,195</u>	<u>\$ 119,875</u>	<u>\$ 320</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2006

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 142,798	\$ 154,183	\$ 138,281	\$ 15,902
Economic development	178,524	185,400	131,152	54,248
Other community development	80,026	94,846	78,118	16,728
Total planning and community development	<u>\$ 401,348</u>	<u>\$ 434,429</u>	<u>\$ 347,551</u>	<u>\$ 86,878</u>
Environmental management:				
Cooperative extension program	\$ 67,600	\$ 69,100	\$ 40,935	\$ 28,165
Soil and water conservation district	5,980	5,980	5,980	-
Total environmental management	<u>\$ 73,580</u>	<u>\$ 75,080</u>	<u>\$ 46,915</u>	<u>\$ 28,165</u>
Total community development	<u>\$ 474,928</u>	<u>\$ 509,509</u>	<u>\$ 394,466</u>	<u>\$ 115,043</u>
Nondepartmental:				
Miscellaneous	\$ 62,000	\$ 17,925	\$ 13,257	\$ 4,668
Total nondepartmental	<u>\$ 62,000</u>	<u>\$ 17,925</u>	<u>\$ 13,257</u>	<u>\$ 4,668</u>
Debt service: county				
Interest and fiscal charges	\$ 162,532	\$ 164,304	\$ 164,304	-
Total county debt service	<u>\$ 162,532</u>	<u>\$ 164,304</u>	<u>\$ 164,304</u>	<u>-</u>
Debt service: schools				
Principal retirement	\$ 414,167	\$ 414,167	\$ 414,167	-
Interest and fiscal charges	329,105	329,105	327,105	2,000
Total schools debt service	<u>\$ 743,272</u>	<u>\$ 743,272</u>	<u>\$ 741,272</u>	<u>\$ 2,000</u>
Total debt service	<u>\$ 905,804</u>	<u>\$ 907,576</u>	<u>\$ 905,576</u>	<u>\$ 2,000</u>
Total General Fund	<u>\$ 10,982,084</u>	<u>\$ 13,151,431</u>	<u>\$ 12,744,017</u>	<u>\$ 407,414</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2006

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
Capital Projects Fund:				
Capital outlay / projects:				
General government	\$ 45,000	\$ 45,000	\$ 56,174	\$ (11,174)
Judicial administration	-	37,539	47,604	(10,065)
Public safety	132,750	526,053	410,953	115,100
Public works	6,000	1,323,052	1,821,551	(498,499)
Health and welfare	20,000	38,850	38,850	-
Education	-	18,550	18,550	-
Parks and recreation	103,000	103,000	15,414	87,586
Community Development	35,000	47,814	10,000	37,814
Total capital outlay / projects	<u>\$ 341,750</u>	<u>\$ 2,139,858</u>	<u>\$ 2,419,096</u>	<u>\$ (279,238)</u>
Debt service:				
Principal retirement	\$ 135,000	\$ 135,000	\$ 135,000	\$ -
Total Capital Projects Fund	<u>\$ 476,750</u>	<u>\$ 2,274,858</u>	<u>\$ 2,554,096</u>	<u>\$ (279,238)</u>
Grand Total Expenditures -- Primary Government	<u>\$ 11,458,834</u>	<u>\$ 15,426,289</u>	<u>\$ 15,298,113</u>	<u>\$ 128,176</u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 10,213,108	\$ 15,624,764	\$ 9,905,930	\$ 5,718,834
Administration, attendance and health	856,808	-	880,999	(880,999)
Pupil transportation services	1,008,343	-	1,281,614	(1,281,614)
Operation and maintenance services	1,189,245	-	2,113,040	(2,113,040)
Facilities	-	-	200,000	(200,000)
Technology	688,326	-	749,525	(749,525)
School food services	340,000	-	694,102	(694,102)
Total education	<u>\$ 14,295,830</u>	<u>\$ 15,624,764</u>	<u>\$ 15,825,210</u>	<u>\$ (200,446)</u>
Total School Operating Fund	<u>\$ 14,295,830</u>	<u>\$ 15,624,764</u>	<u>\$ 15,825,210</u>	<u>\$ (200,446)</u>
Grand Total Expenditures--Component Unit-- School Board	<u>\$ 14,295,830</u>	<u>\$ 15,624,764</u>	<u>\$ 15,825,210</u>	<u>\$ (200,446)</u>
Grand Total Expenditures--Reporting Entity	<u>\$ 25,754,664</u>	<u>\$ 31,051,053</u>	<u>\$ 31,123,323</u>	<u>\$ (72,270)</u>

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Other Statistical Information

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COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Five Fiscal Years

Fiscal Year	General Government										Interest on Debt	Sewer	Water	Total
	Admini- stration	Judicial Admini- stration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Develop- ment	Capital Outlays	Non- Depart- mental				
2001-02 \$	875,364	\$ 261,964	\$ 1,085,225	\$ 740,129	\$ 1,298,741	\$ 3,066,011	\$ 76,576	\$ 287,876	\$ 8,655	\$ 9,218	\$ 458,018	\$ 341,108	\$ -	\$ 8,508,885
2002-03	857,155	243,414	1,290,301	1,073,275	1,264,378	3,805,093	80,384	396,735	-	11,076	647,006	308,405	-	9,977,222
2003-04	899,116	362,692	1,477,936	1,091,085	1,689,982	3,386,603	85,220	315,800	-	-	476,705	300,358	-	10,085,497
2004-05	1,096,607	457,036	1,641,665	1,269,984	1,734,952	3,988,063	134,066	339,568	-	-	502,815	305,431	-	11,470,187
2005-06	1,188,315	440,444	1,868,176	1,819,805	2,352,514	5,143,204	137,816	398,233	-	-	482,102	339,978	7,487	14,178,074

COUNTY OF CUMBERLAND, VIRGINIA

Government-Wide Revenues
Last Five Fiscal Years

Fiscal Year	Program Revenues				General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous		
2001-02	\$ 283,785	\$ 1,818,722	\$ 32,715	\$ 4,914,614	\$ 1,005,701	\$ 1,524,290	\$ 144,212	\$ 58,252	\$ 9,782,291	
2002-03	263,262	2,046,012	99,000	5,518,552	1,045,148	932,060	89,474	63,719	10,057,227	
2003-04	306,531	2,508,421	207,106	5,661,302	1,152,551	915,702	181,238	44,019	10,976,870	
2004-05	343,590	2,382,153	356,553	7,943,269	1,315,257	937,189	120,077	129,818	13,527,906	
2005-06	625,911	2,864,407	559,575	6,193,617	1,401,158	971,950	239,714	132,403	12,988,735	

COUNTY OF CUMBERLAND, VIRGINIA

Table 3

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

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services		Miscellaneous	Inter-governmental	Recovered Costs	Total
	\$		\$					\$					
1996-97	\$ 3,164,542	\$ 781,508	\$ 52,461	\$ 16,580	\$ 210,200	\$ 156,404	\$ 96,203	\$ 6,721,977	\$ 13,029	\$ 11,212,904			
1997-98	3,360,874	819,159	49,855	8,167	188,972	168,533	79,564	7,136,998	800	11,812,922			
1998-99	4,146,577	876,177	45,450	5,089	170,896	179,144	73,869	8,047,418	8,800	13,553,420			
1999-00	4,002,402	869,826	54,000	7,796	170,676	174,972	95,532	8,716,582	-	14,091,786			
2000-01	4,998,406	966,405	63,415	10,994	214,560	176,717	170,337	9,438,120	-	16,038,954			
2001-02	4,921,224	1,005,701	79,309	9,631	167,141	179,812	127,867	10,410,177	385,438	17,286,300			
2002-03	5,456,313	1,045,148	70,600	21,522	112,803	190,799	79,296	10,848,112	-	17,824,593			
2003-04	5,725,532	1,152,551	66,863	20,039	204,995	234,620	136,936	12,526,248	-	20,067,784			
2004-05	7,821,863	1,315,257	76,029	31,047	142,345	255,057	223,233	13,658,488	-	23,523,319			
2005-06	6,351,805	1,401,158	94,697	59,671	256,716	484,635	371,179	15,184,571	-	24,204,432			

(1) Includes General, Special Revenue Funds and Capital Project Funds of the Primary Government and its discretely presented component units.

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

General Government Expenditures by Function (1) (2)

Last Ten Fiscal Years

Fiscal Year	General Administration		Judicial Administration	Public Safety		Public Works	Health and Welfare		Education	Recreation and Cultural		Community Development	Debt Service		Total
	\$			\$		\$	\$		\$	\$		\$	\$		\$
1996-97	525,377		223,380	761,415		450,671	734,327		7,381,460		53,831	160,406		163,461	10,454,328
1997-98	722,551		227,485	847,573		543,567	1,002,503		7,792,050		61,012	232,778		734,830	12,164,349
1998-99	615,848		222,547	1,024,474		552,937	1,058,092		8,326,606		69,295	452,673		915,241	13,237,713
1999-00	643,884		238,419	1,005,130		624,433	1,038,851		8,815,139		71,279	256,198		1,008,428	13,701,761
2000-01	681,654		300,828	1,072,757		639,451	1,064,668		9,661,514		83,362	252,532		850,059	14,606,825
2001-02	837,627		260,853	1,154,256		660,372	1,233,651		10,181,110		76,457	284,194		843,055	15,531,575
2002-03	787,871		242,303	1,180,821		728,799	1,257,693		11,260,072		80,265	277,083		938,873	16,753,780
2003-04	798,554		241,222	1,487,509		789,670	1,678,406		12,103,671		82,693	261,037		928,388	18,371,150
2004-05	1,087,395		376,717	1,613,412		1,299,385	1,722,374		14,092,912		131,539	339,317		1,045,773	21,708,824
2005-06	1,172,312		347,347	2,369,699		2,819,015	2,414,307		15,846,227		135,289	404,466		1,040,576	26,549,238

(1) Includes General, Special Revenue Funds (except Capital Project Funds) of the Primary Government and its discretely presented component units.

(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)			Collected	Collected		Tax	Collected	Total Tax Collections to Tax Levy	Delinquent Taxes	
1996-97	\$ 3,166,699	\$ 2,932,417	92.60%	\$ 123,826	\$ 3,056,243	96.51%	\$ 324,372	10.24%				
1997-98	3,357,032	3,080,809	91.77%	280,065	3,360,874	100.11%	394,704	11.76%				
1998-99	4,108,207	3,801,022	92.52%	195,820	3,996,842	97.29%	440,976	10.73%				
1999-00	4,209,332	3,942,612	93.66%	211,867	4,154,479	98.70%	446,747	10.61%				
2000-01	5,543,755	5,189,311	93.61%	233,617	5,422,928	97.82%	549,859	9.92%				
2001-02	5,655,957	5,293,549	93.59%	286,822	5,580,371	98.66%	552,055	9.76%				
2002-03	6,225,778	5,781,074	92.86%	307,764	6,088,838	97.80%	628,682	10.10%				
2003-04	6,369,476	6,047,839	94.95%	301,799	6,349,638	99.69%	589,652	9.26%				
2004-05	6,404,029	6,134,815	95.80%	388,838	6,523,653	101.87%	557,064	8.70%				
2005-06	6,873,966	6,770,742	98.50%	305,845	7,076,587	102.95%	674,323	9.81%				

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes personal and real.

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

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Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Aircraft	(1) Machinery & Tools	Total
1996-97	\$ 315,846,761	\$ 36,662,025	\$ -	\$ 45,858,183	\$ 1,022,140	\$ 2,277,344	\$ 401,666,453
1997-98	323,096,120	37,767,974	-	45,311,314	1,618,500	2,577,012	410,370,920
1998-99	376,181,752	39,001,499	7,481,522	55,904,349	1,623,700	2,539,476	482,732,298
1999-00	386,627,272	40,666,924	8,112,663	52,679,355	1,422,700	1,658,210	491,167,124
2000-01	395,553,115	44,387,998	8,022,983	52,392,357	1,987,100	1,538,330	503,881,883
2001-02	405,111,071	45,505,280	8,243,689	50,083,385	1,929,000	1,704,649	512,577,074
2002-03	468,052,131	45,791,996	8,769,972	59,538,199	1,629,400	1,798,651	585,580,349
2003-04	475,897,227	47,710,487	8,720,733	59,010,749	1,684,600	1,743,346	594,767,142
2004-05	485,414,095	47,722,652	8,612,464	54,785,526	1,367,900	1,747,243	599,649,880
2005-06	605,391,128	52,458,816	8,554,248	53,323,831	1,324,300	1,742,242	722,794,565

(1) Prior to year 1994 Machinery and Tools was included with Personal Property.

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	(1) Machinery & Tools
1996-97	\$ 0.51	\$ 3.50	\$ 0.51	\$ 1.10	\$ 1.20
1997-98	0.53	3.50	0.53	0.45	1.80
1998-99	0.56	4.00	0.56	0.45	1.80
1999-00	0.56	4.00	0.56	0.45	4.00
2000-01	0.76	4.50	0.76	0.45	4.50
2001-02	0.76	4.50	0.76	0.45	4.50
2002-03	0.76	4.50	0.76	0.45	4.50
2003-04	0.76	4.50	0.76	0.45	4.50
2004-05	0.76	4.50	0.76	0.45	4.50
2005-06	0.76/0.59	4.50	0.76/0.59	0.45	4.50

(1) Prior to year 1994 Machinery and Tools was included with Personal Property.

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
1996-97	7,825	401,666,453	10,345,220	10,345,220	0.0258	1,322
1997-98	7,825	410,370,920	10,101,053	10,101,053	0.0246	1,291
1998-99	7,825	482,732,298	9,856,886	9,856,886	0.0204	1,260
1999-00	7,825	491,167,124	9,482,719	9,482,719	0.0051	1,212
2000-01	9,017	503,881,883	9,103,552	9,103,552	0.0052	1,010
2001-02	9,017	512,577,074	12,564,385	12,564,385	0.0245	1,393
2002-03	9,017	585,580,349	12,170,218	12,170,218	0.0208	1,350
2003-04	9,017	594,767,142	11,771,051	11,771,051	0.0198	1,305
2004-05	9,017	599,649,880	11,236,884	11,236,884	0.0187	1,246
2005-06	9,017	722,794,565	10,687,717	10,687,717	0.0148	1,185

(1) Bureau of the Census.

(2) From Table 6

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

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Board of Supervisors
County of Cumberland, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia as of and for the year ended June 30, 2006, which collectively comprise of the County of Cumberland, Virginia's basic financial statements and have issued our report thereon dated November 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Cumberland, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 17, 2006

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Board of Supervisors
County of Cumberland, Virginia

Compliance

We have audited the compliance of the County of Cumberland, Virginia with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. County of Cumberland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County of Cumberland's management. Our responsibility is to express an opinion on County of Cumberland's compliance based on our audit.

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

In our opinion, County of Cumberland, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of County of Cumberland, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Cumberland's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Robinson, Farmer, Co. Associates

Charlottesville, Virginia
November 17, 2006

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2006

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
Primary Government:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Social Services:		
State administration matching grants for food stamp program	10.561	\$ 101,436
Rural Development:		
Rural development grant	10.000	46,000
Total Department of Agriculture		<u>\$ 147,436</u>
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>		
<u>Pass through payments:</u>		
Virginia Department of Health:		
Drinking water grant	66.000	\$ 146,300
<u>ELECTION ASSISTANCE COMMISSION:</u>		
<u>Pass through payments:</u>		
Virginia Election Commission:		
Help America vote act	90.401	\$ 9,075
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass through payments:</u>		
State and community highway safety program	20.000	\$ 4,584
Total Department of Transportation		<u>\$ 4,584</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Pass through payments:</u>		
State homeland security grant program	97.004	\$ 66,302
Total Department of Homeland Security		<u>\$ 66,302</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services:		
Family preservation and support	93.556	\$ 14,108
Temporary assistance to needy families	93.558	83,190
Refugee and entrant assistance	93.566	1,616
Emergency assistance	93.568	6,436
Payment for child care assistance	93.575	40,862
Child care and development	93.596	55,207
Foster care Title IV - E	93.658	103,966
Adoption assistance	93.659	6,710
Social services block grant	93.667	80,708
Independent Living	93.674	600
State children's insurance program	93.767	105
Statewide fraud program	93.775	6,846
Medical assistance	93.778	89,572
Total Department of Health and Human Services		<u>\$ 489,926</u>
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Pass through payments:</u>		
Department of Criminal Justice Services:		
Drug control and system improvement	16.579	\$ 21,540
Local law enforcement block grants	16.592	1,210
Total Department of Justice		<u>\$ 22,750</u>
Total Primary Government		<u><u>\$ 886,373</u></u>

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2006 (Continued)

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
Component Unit - School Board:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 35,427
Department of Education:		
National school breakfast program	10.553	123,914
National school lunch program	10.555	290,602
Total Department of Agriculture		<u>\$ 449,943</u>
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Pass through payments:</u>		
Department of National community Service:		
National Community Service Act:		
JTPA - Learn and serve America	94.004	\$ 30,000
Department of Education:		
Education Consolidation and Improvement Act of 1981:		
Title 1:		
Financial assistance to meet special educational needs of disadvantaged children - program operated by local education agencies (2E004500, 2E004511, 3E005820)	84.010	361,730
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	331,288
Vocational Education:		
Basic grants to states (3E001311)	84.048	460
Adult literacy services	84.002	233,152
Special Projects:		
Drug Free Schools	84.186	9,601
Preschool handicap	84.173	7,455
Title II- Part A - Improving Teacher Quality	84.367	91,872
Innovative Teacher Recruitment	84.336	4,743
21st century grant	84.287	600,927
Comprehensive school reform	84.332	36,539
Title VI - Innovative Education	84.298	17,204
Gear up grant	84.000	77,636
Literacy Challenge	84.318	9,482
Reading first	84.357	269,048
State assessments and related activities	84.369	2,138
Total Department of Education		<u>\$ 2,083,275</u>
<u>DEPARTMENT OF LABOR:</u>		
<u>Direct payments:</u>		
Jr. ROTC payments	17.000	\$ 57,143
Total Component Unit School Board		<u>\$ 2,590,361</u>
Total Federal Assistance		<u>\$ 3,476,734</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 740,073
Capital Projects Fund	<u>146,300</u>
Total primary government	<u>\$ 886,373</u>

Component Unit Public Schools:

School Operating Fund	<u>\$ 2,554,934</u>
Total component unit public schools	<u>\$ 2,554,934</u>

Total federal expenditures per basic financial statements	<u>\$ 3,441,307</u>
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Non-cash expenditures - value of donated commodities	<u>\$ 35,427</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,476,734</u></u>
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COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.287	21st Century Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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