

COUNTY *of*  
CUMBERLAND  
VIRGINIA

---

F O U N D E D • 1 7 4 9

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007



**County of Cumberland, Virginia**

**Financial Report**

**Year Ended June 30, 2007**

---



## County of Cumberland, Virginia

Financial Report  
June 30, 2007

---

### 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

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



COUNTY OF CUMBERLAND, VIRGINIA

Financial Report  
Year Ended June 30, 2007

Table of Contents

---

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
<b><u>Basic Financial Statements:</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1 Statement of Net Assets	9
Exhibit 2 Statement of Activities	10-11
<b>Fund Financial Statements:</b>	
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 Funds	15
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Assets—Proprietary Funds	16
Exhibit 8 Statement of Cash Flows—Proprietary Funds	17
Exhibit 9 Statement of Fiduciary Net Assets	18
Notes to Financial Statements	19-43
<b><u>Required Supplementary Information:</u></b>	
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—General Fund	44
Exhibit 11 Schedule of Pension Funding Progress for the Virginia Retirement System	45

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report  
Year Ended June 30, 2007

Table of Contents (Continued)

---

	<u>Page</u>	
<b><u>Other Supplementary Information:</u></b>		
Exhibit 12	Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Capital Projects Funds	46-47
Exhibit 13	Combining Statement of Fiduciary Net Assets—Agency Funds	48
Exhibit 14	Combining Statement of Changes in Assets and Liabilities—Agency Funds	49
<b>Discretely Presented Component Unit—School Board:</b>		
Exhibit 15	Combining Balance Sheet	50
Exhibit 16	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51
Exhibit 17	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	52-53
Exhibit 18	Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	54
<b>Discretely Presented Component Unit—Industrial Development Authority:</b>		
Exhibit 19	Statement of Net Assets	55
Exhibit 20	Statement of Revenues, Expenditures and Changes in Fund Net Assets	56
Exhibit 21	Statement of Cash Flows	57
<b><u>Supporting Schedules:</u></b>		
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	58-63
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	64-68
<b><u>Other Statistical Information:</u></b>		
Table 1	Government-wide Expenses by Function	69
Table 2	Government-wide Revenues	70
Table 3	General Government Revenues by Source—Last Ten Fiscal Years	71
Table 4	General Government Expenditures by Function—Last Ten Fiscal Years	72
Table 5	Property Tax Levies and Collections	73
Table 6	Assessed Value of Taxable Property and Property Tax Rates—Last Ten Fiscal Years	74
Table 7	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	75

COUNTY OF CUMBERLAND, VIRGINIA

Financial Report  
Year Ended June 30, 2007

Table of Contents (Continued)

---

	<u>Page</u>
<b>Compliance:</b>	
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>	76-77
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	78-79
Schedule of Expenditures of Federal Awards	80-81
Notes to Schedule of Expenditures of Federal Awards	82
Schedule of Findings and Questioned Costs	83



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2007, 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; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, 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 January 31, 2008 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 important for 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Robinson, Turner, Co. Associates*

Charlottesville, Virginia  
January 31, 2008

## 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, 2007.

### Financial Highlights

#### Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$12,174,533 (net assets).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures by \$6,957,763 (Exhibit 4) after making contributions totaling \$5,337,702 to the School Board.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$12,951,199, an increase of \$6,957,763 in comparison with the prior year.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$3,931,037 or 28% of total general fund expenditures.
- Our combined long-term obligations increased \$15,173,142 during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

## Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities by \$12,174,533 at the close of the most recent fiscal year.

**County of Cumberland's Net Assets**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 15,478,780	\$ 6,821,947	\$ 440,109	\$ 236,985	\$ 15,918,889	\$ 7,058,932
Capital assets	17,979,627	12,917,633	8,853,422	5,125,243	26,833,049	18,042,876
Total assets	\$ 33,458,407	\$ 19,739,580	\$ 9,293,531	\$ 5,362,228	\$ 42,751,938	\$ 25,101,808
Long-term liabilities outstanding	\$ 10,161,976	\$ 10,757,719	\$ 1,620,596	\$ 1,670,848	\$ 11,782,572	\$ 12,428,567
Current liabilities	18,746,770	1,481,340	48,063	29,752	18,794,833	1,511,092
Total liabilities	\$ 28,908,746	\$ 12,239,059	\$ 1,668,659	\$ 1,700,600	\$ 30,577,405	\$ 13,939,659
Net assets:						
Invested in capital , assets net of related debt	\$ (396,191)	\$ 2,229,916	\$ 7,200,674	\$ 3,426,041	\$ 6,804,483	\$ 5,655,957
Restricted	714,078	870,260	-	-	714,078	870,260
Unrestricted	4,231,774	4,400,345	424,198	235,587	4,655,972	4,635,932
Total net assets	\$ 4,549,661	\$ 7,500,521	\$ 7,624,872	\$ 3,661,628	\$ 12,174,533	\$ 11,162,149

The County’s net assets increased by \$1,012,384 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 \$407,965. Key elements of this decrease are as follows:

**County of Cumberland, Virginia's Changes in Net Assets  
For the Years Ended June 30, 2007 and 2006**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 197,516	\$ 443,359	\$ 327,992	\$ 182,552	\$ 525,508	\$ 625,911
Operating grants and contributions	2,643,613	2,864,407	-	-	2,643,613	2,864,407
Capital grants and contributions	1,647,298	559,575	-	-	1,647,298	559,575
<b>General revenues:</b>						
General property taxes	6,727,441	6,193,617	-	-	6,727,441	6,193,617
Other local taxes	1,296,960	1,401,158	-	-	1,296,960	1,401,158
Grants and other contributions not restricted	1,013,486	971,950	-	-	1,013,486	971,950
Other general revenues	867,791	364,438	17,312	7,679	885,103	372,117
<b>Total revenues</b>	<b>\$ 14,394,105</b>	<b>\$ 12,798,504</b>	<b>\$ 345,304</b>	<b>\$ 190,231</b>	<b>\$ 14,739,409</b>	<b>\$ 12,988,735</b>
<b>Expenses:</b>						
<b>General government administration</b>						
General government administration	\$ 1,555,835	\$ 1,188,315	-	-	\$ 1,555,835	\$ 1,188,315
Judicial administration	555,793	440,444	-	-	555,793	440,444
Public safety	2,146,137	1,868,176	-	-	2,146,137	1,868,176
Public works	1,065,558	1,066,512	-	-	1,065,558	1,066,512
Health and welfare	2,294,192	2,352,514	-	-	2,294,192	2,352,514
Education	4,378,988	5,143,204	-	-	4,378,988	5,143,204
Parks, recreation, and cultural	182,374	137,816	-	-	182,374	137,816
Community development	407,700	398,233	-	-	407,700	398,233
Interest and other fiscal charges	629,286	482,102	-	-	629,286	482,102
Sewer	-	-	354,830	339,978	354,830	339,978
Water	-	-	156,332	7,487	156,332	7,487
<b>Total expenses</b>	<b>\$ 13,215,863</b>	<b>\$ 13,077,316</b>	<b>\$ 511,162</b>	<b>\$ 347,465</b>	<b>\$ 13,727,025</b>	<b>\$ 13,424,781</b>
Increase(decrease) in net assets before transfers	\$ 1,178,242	\$ (278,812)	\$ (165,858)	\$ (157,234)	\$ 1,012,384	\$ (436,046)
Transfers	(1,586,207)	(134,338)	1,586,207	134,338	-	-
<b>Change in net assets</b>	<b>\$ (407,965)</b>	<b>\$ (413,150)</b>	<b>\$ 1,420,349</b>	<b>\$ (22,896)</b>	<b>\$ 1,012,384</b>	<b>\$ (436,046)</b>
Net assets, July 1, 2006, as restated	4,957,626	7,913,671	6,204,523	3,684,524	11,162,149	11,598,195
<b>Net assets, June 30, 2007</b>	<b>\$ 4,549,661</b>	<b>\$ 7,500,521</b>	<b>\$ 7,624,872</b>	<b>\$ 3,661,628</b>	<b>\$ 12,174,533</b>	<b>\$ 11,162,149</b>

## 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 \$12,951,199, an increase of \$6,957,763 in comparison with the prior year. Approximately 30% of this total amount constitutes unreserved undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed:

### Proprietary funds

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

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$2,259,838 and can be briefly summarized as follows:

- \$1,624,435 in increases for education
- \$166,889 in other increases
- \$314,612 in increases for public safety
- \$153,902 in increases for general government administration

Of this increase, \$352,993 was to be funded from state and federal revenues. The remaining \$1,906,845 was to be budgeted from available fund balance and other revenue increases.

### Capital Asset and Debt Administration

- Capital assets—The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2007 amounts to \$26,833,049 (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 High/Middle School with total costs as of June 30, 2007 of \$5,867,265.

## **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 \$27,571,298. Of this amount \$25,918,550 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt increased by \$15,173,142 during the current fiscal year. The County issued \$15,800,000 VACA/VMC temporary financing to help fund the construction of the new high/middle school.

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

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

The unemployment rate for the County is currently 2.9 percent, which is a decrease from a rate of 3.6 percent a year ago. This compares favorably to the state's average unemployment rate of 3.0 percent and to the national average rate of 4.4 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 2008 fiscal year.

The fiscal year 2008 General Fund's budget increased from \$10,522,585 to \$11,200,995. Tax rates remained the same, with the exception of Machinery and Tools, which was lowered to \$3.75.

## **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**

This page intentionally left blank

## **Government-wide Financial Statements**

This page intentionally left blank

Statement of Net Assets  
At June 30, 2007

	Primary Government			Component Units	
	Govern- mental Activities	Business Type Activities	Total	School Board	IDA
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 12,654,480	\$ 446,195	\$ 13,100,675	\$ 662,338	\$ -
Restricted assets	714,078	-	714,078	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	893,697	-	893,697	-	-
Accounts receivable	50,632	63,914	114,546	2,748	-
Notes receivable	-	-	-	-	377,777
Due from component units	388,161	-	388,161	-	-
Due from other governments	707,732	-	707,732	316,987	-
Prepaid expenses	-	-	-	83,735	-
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	<u>\$ 15,478,780</u>	<u>\$ 440,109</u>	<u>\$ 15,918,889</u>	<u>\$ 1,065,808</u>	<u>\$ 377,777</u>
Noncurrent Assets:					
Capital assets:					
Land	\$ 142,089	\$ 22,458	\$ 164,547	\$ 275,687	\$ -
Construction in progress	6,939,258	-	6,939,258	353,249	-
Buildings and equipment, net of depreciation	10,898,280	8,830,964	19,729,244	4,347,561	-
Total Noncurrent Assets	<u>\$ 17,979,627</u>	<u>\$ 8,853,422</u>	<u>\$ 26,833,049</u>	<u>\$ 4,976,497</u>	<u>\$ -</u>
Total Assets	<u>\$ 33,458,407</u>	<u>\$ 9,293,531</u>	<u>\$ 42,751,938</u>	<u>\$ 6,042,305</u>	<u>\$ 377,777</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 2,001,988	\$ 15,911	\$ 2,017,899	\$ 742,532	\$ -
Due to primary government	-	-	-	10,384	377,777
Deferred revenue	84,671	-	84,671	-	-
Accrued interest payable	261,492	-	261,492	-	-
Current portion of long-term obligations	16,398,619	32,152	16,430,771	121,939	-
Total Current Liabilities	<u>\$ 18,746,770</u>	<u>\$ 48,063</u>	<u>\$ 18,794,833</u>	<u>\$ 874,855</u>	<u>\$ 377,777</u>
Noncurrent Liabilities:					
Noncurrent portion of long-term obligations	10,161,976	1,620,596	11,782,572	1,829,837	-
Total Liabilities	<u>\$ 28,908,746</u>	<u>\$ 1,668,659</u>	<u>\$ 30,577,405</u>	<u>\$ 2,704,692</u>	<u>\$ 377,777</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ (396,191)	\$ 7,200,674	\$ 6,804,483	\$ 3,335,284	\$ -
Restricted for:					
Debt Service	714,078	-	714,078	-	-
Unrestricted assets	4,231,774	424,198	4,655,972	2,329	-
Total Net Assets	<u>\$ 4,549,661</u>	<u>\$ 7,624,872</u>	<u>\$ 12,174,533</u>	<u>\$ 3,337,613</u>	<u>\$ -</u>
Total Liabilities and Net Assets	<u>\$ 33,458,407</u>	<u>\$ 9,293,531</u>	<u>\$ 42,751,938</u>	<u>\$ 6,042,305</u>	<u>\$ 377,777</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, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 1,555,835	\$ -	\$ 212,695	\$ -
Judicial administration	555,793	75,053	212,072	-
Public safety	2,146,137	101,409	777,703	-
Public works	1,065,558	1,077	7,005	1,456,940
Health and welfare	2,294,192	8,260	1,385,187	-
Education	4,378,988	-	-	-
Parks, recreation, and cultural	182,374	3,578	-	-
Community development	407,700	8,139	48,951	190,358
Interest on long-term debt	629,286	-	-	-
Total governmental activities	<u>\$ 13,215,863</u>	<u>\$ 197,516</u>	<u>\$ 2,643,613</u>	<u>\$ 1,647,298</u>
Business type activities:				
Sewer	\$ 354,830	\$ 219,284	\$ -	\$ -
Water	156,332	108,708	-	-
Total business-type activities	<u>\$ 511,162</u>	<u>\$ 327,992</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 13,727,025</u>	<u>\$ 525,508</u>	<u>\$ 2,643,613</u>	<u>\$ 1,647,298</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 16,801,552	\$ 273,437	\$ 12,154,347	\$ -
IDA	17,695	-	-	-
Total component units	<u>\$ 16,819,247</u>	<u>\$ 273,437</u>	<u>\$ 12,154,347</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Communication taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
E-911 taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
IDA contribution to County				
County contribution to School Board				
Transfers				
Change in net assets				
Net assets - beginning, 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 Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business Type Activities	Total	School Board	IDA	
\$ (1,343,140)	\$ -	\$ (1,343,140)	\$ -	\$ -	
(268,668)	-	(268,668)	-	-	
(1,267,025)	-	(1,267,025)	-	-	
399,464	-	399,464	-	-	
(900,745)	-	(900,745)	-	-	
(4,378,988)	-	(4,378,988)	-	-	
(178,796)	-	(178,796)	-	-	
(160,252)	-	(160,252)	-	-	
(629,286)	-	(629,286)	-	-	
<u>\$ (8,727,436)</u>	<u>\$ -</u>	<u>\$ (8,727,436)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (135,546)	\$ (135,546)	\$ -	\$ -	
-	(47,624)	(47,624)	-	-	
<u>\$ -</u>	<u>\$ (183,170)</u>	<u>\$ (183,170)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (8,727,436)</u>	<u>\$ (183,170)</u>	<u>\$ (8,910,606)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,373,768)	\$ -	
-	-	-	-	(17,695)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,373,768)</u>	<u>\$ (17,695)</u>	
\$ 6,727,441	\$ -	\$ 6,727,441	\$ -	\$ -	
471,587	-	471,587	-	-	
188,301	-	188,301	-	-	
313,312	-	313,312	-	-	
7,780	-	7,780	-	-	
135,908	-	135,908	-	-	
41,266	-	41,266	-	-	
138,806	-	138,806	-	-	
264,678	17,312	281,990	56,377	17,695	
585,418	-	585,418	381,532	-	
1,013,486	-	1,013,486	-	-	
17,695	-	17,695	-	-	
-	-	-	4,116,864	-	
(1,586,207)	1,586,207	-	-	-	
<u>\$ (407,965)</u>	<u>\$ 1,420,349</u>	<u>\$ 1,012,384</u>	<u>\$ 181,005</u>	<u>\$ -</u>	
4,957,626	6,204,523	11,162,149	3,156,608	-	
<u>\$ 4,549,661</u>	<u>\$ 7,624,872</u>	<u>\$ 12,174,533</u>	<u>\$ 3,337,613</u>	<u>\$ -</u>	

This page intentionally left blank

## **Fund Financial Statements**

Balance Sheet - Governmental Funds  
At June 30, 2007

	General	County Capital Projects	School Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,129,005	\$ 8,065,603	\$ 1,459,872	\$ 12,654,480
Restricted assets	714,078	-	-	714,078
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties	893,697	-	-	893,697
Accounts	50,632	-	-	50,632
Due from component units	698,724	-	-	698,724
Due from other funds	70,000	-	-	70,000
Due from other governmental units	524,047	183,685	-	707,732
Total	<u>\$ 6,080,183</u>	<u>\$ 8,249,288</u>	<u>\$ 1,459,872</u>	<u>\$ 15,789,343</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 221,135	\$ 321,273	\$ 1,459,580	\$ 2,001,988
Deferred revenue	836,156	-	-	836,156
Total liabilities	<u>\$ 1,057,291</u>	<u>\$ 321,273</u>	<u>\$ 1,459,580</u>	<u>\$ 2,838,144</u>
<b>FUND BALANCES</b>				
Reserved:				
Advance to IDA	\$ 377,777	\$ -	\$ -	\$ 377,777
Unreserved:				
Designated:				
Debt service	714,078	-	-	714,078
Capital projects	-	7,928,015	292	7,928,307
Undesignated	3,931,037	-	-	3,931,037
Total fund balances	<u>\$ 5,022,892</u>	<u>\$ 7,928,015</u>	<u>\$ 292</u>	<u>\$ 12,951,199</u>
Total liabilities and fund balances	<u>\$ 6,080,183</u>	<u>\$ 8,249,288</u>	<u>\$ 1,459,872</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 County as a whole.	\$ 17,979,627
Adjustment for amounts due to / due from primary government	(310,563)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(261,492)
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.	751,485
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	<u>(26,560,595)</u>
Net assets of general government activities	<u>\$ 4,549,661</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, 2007

	General	County Capital Projects	School Capital Projects	Total Governmental Funds
<b>Revenues:</b>				
General property taxes	\$ 6,325,766	\$ -	\$ -	\$ 6,325,766
Other local taxes	1,296,960	-	-	1,296,960
Permits, privilege fees and regulatory licenses	102,542	-	-	102,542
Fines and forfeitures	50,642	-	-	50,642
Revenue from use of money and property	155,078	109,600	-	264,678
Charges for services	44,332	-	-	44,332
Miscellaneous	85,418	500,000	-	585,418
<b>Intergovernmental:</b>				
IDA contribution to County	17,695	-	-	17,695
Commonwealth	2,986,421	543,491	-	3,529,912
Federal	670,678	1,103,807	-	1,774,485
<b>Total revenues</b>	<b>\$ 11,735,532</b>	<b>\$ 2,256,898</b>	<b>\$ -</b>	<b>\$ 13,992,430</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 1,386,278	\$ 91,154	\$ -	\$ 1,477,432
Judicial administration	310,989	166,409	-	477,398
Public safety	1,946,684	870,306	-	2,816,990
Public works	1,117,006	48,464	-	1,165,470
Health and welfare	2,267,877	-	-	2,267,877
Education	5,339,988	52,256	5,698,976	11,091,220
Parks, recreation, and cultural	164,873	14,974	-	179,847
Community development	408,285	-	-	408,285
Nondepartmental	46,002	-	-	46,002
<b>Debt service:</b>				
Principal retirement	569,167	-	-	569,167
Interest and other fiscal charges	567,483	181,289	-	748,772
<b>Total expenditures</b>	<b>\$ 14,124,632</b>	<b>\$ 1,424,852</b>	<b>\$ 5,698,976</b>	<b>\$ 21,248,460</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (2,389,100)</b>	<b>\$ 832,046</b>	<b>\$ (5,698,976)</b>	<b>\$ (7,256,030)</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 1,775,492	\$ -	\$ 5,699,268	\$ 7,474,760
Issuance of long-term debt	-	15,800,000	-	15,800,000
Transfers (out)	(166,993)	(8,893,974)	-	(9,060,967)
<b>Total other financing sources (uses)</b>	<b>\$ 1,608,499</b>	<b>\$ 6,906,026</b>	<b>\$ 5,699,268</b>	<b>\$ 14,213,793</b>
<b>Net change in fund balances</b>	<b>\$ (780,601)</b>	<b>\$ 7,738,072</b>	<b>\$ 292</b>	<b>\$ 6,957,763</b>
<b>Fund balances at beginning of year</b>	<b>5,803,493</b>	<b>189,943</b>	<b>-</b>	<b>5,993,436</b>
<b>Fund balances at end of year</b>	<b>\$ 5,022,892</b>	<b>\$ 7,928,015</b>	<b>\$ 292</b>	<b>\$ 12,951,199</b>

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Funds  
For the Year Ended June 30, 2007

	<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 6,957,763
<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	\$ 6,814,184
Depreciation expense	<u>(534,026)</u>
	6,280,158
Transfer of joint tenancy assets from Primary Government to the Component Unit	1,324,731
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.	401,675
<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	\$ 325,000
Issuance of note payable	(15,800,000)
Principal retired on state literary fund loans	<u>244,167</u>
	(15,230,833)
<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	\$ (157,287)
Change in landfill closure	64,631
Change in interest payable	<u>(48,803)</u>
	(141,459)
Change in net assets of governmental activities	<u>\$ (407,965)</u>

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

Statement of Net Assets - Proprietary Funds  
At June 30, 2007

	Sewer Fund	Water Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 176,927	\$ 269,268	\$ 446,195
Accounts receivable	63,529	385	63,914
Total current assets	\$ 240,456	\$ 269,653	\$ 510,109
Noncurrent assets:			
Capital Assets:			
Land	\$ 22,458	\$ -	\$ 22,458
Buildings and equipment, net of depreciation	4,939,591	3,891,373	8,830,964
Total noncurrent assets	\$ 4,962,049	\$ 3,891,373	\$ 8,853,422
Total Assets	\$ 5,202,505	\$ 4,161,026	\$ 9,363,531
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 13,321	\$ 2,590	\$ 15,911
Due to other funds	70,000	-	70,000
Current portion of long-term obligations	32,152	-	32,152
Total current liabilities	\$ 115,473	\$ 2,590	\$ 118,063
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	\$ 1,620,596	\$ -	\$ 1,620,596
Total Liabilities	\$ 1,736,069	\$ 2,590	\$ 1,738,659
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 3,309,301	\$ 3,891,373	\$ 7,200,674
Unrestricted assets	157,135	267,063	424,198
Total Net Assets	\$ 3,466,436	\$ 4,158,436	\$ 7,624,872
Total Liabilities and Net Assets	\$ 5,202,505	\$ 4,161,026	\$ 9,363,531

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, 2007

	Sewer Fund	Water Fund	Totals
Operating revenues:			
Charges for services	\$ 219,284	\$ 108,708	\$ 327,992
Total revenues	\$ 219,284	\$ 108,708	\$ 327,992
Operating expenses:			
Depreciation	\$ 181,063	\$ 103,872	\$ 284,935
Miscellaneous	115,918	52,460	168,378
Total operating expenses	\$ 296,981	\$ 156,332	\$ 453,313
Operating income (loss)	\$ (77,697)	\$ (47,624)	\$ (125,321)
Non-operating revenues (expenses):			
Interest income	\$ 7,794	\$ 9,518	\$ 17,312
Interest expense	(57,849)	-	(57,849)
Total nonoperating revenues (expenses)	\$ (50,055)	\$ 9,518	\$ (40,537)
Income (loss) before contributions and transfers	\$ (127,752)	\$ (38,106)	\$ (165,858)
Transfers in	62,707	1,523,500	1,586,207
Change in net assets	\$ (65,045)	\$ 1,485,394	\$ 1,420,349
Net assets at beginning of year, as restated	3,531,481	2,673,042	6,204,523
Net assets at end of year	\$ 3,466,436	\$ 4,158,436	\$ 7,624,872

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

Statement of Cash Flows -  
 Proprietary Funds  
 Year Ended June 30, 2007

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 205,650	\$ 108,323	\$ 313,973
Payments for operating activities	<u>(103,755)</u>	<u>(50,111)</u>	<u>(153,866)</u>
Net cash provided by (used in) operating activities	<u>\$ 101,895</u>	<u>\$ 58,212</u>	<u>\$ 160,107</u>
Cash flows from capital and related financing activities:			
Retirement of indebtedness	\$ (46,454)	\$ -	\$ (46,454)
Purchase of capital assets	(17,869)	(1,452,349)	(1,470,218)
Interest paid on loans	<u>(57,849)</u>	<u>-</u>	<u>(57,849)</u>
Net cash (used in) capital and related financing activities	<u>\$ (122,172)</u>	<u>\$ (1,452,349)</u>	<u>\$ (1,574,521)</u>
Cash flows from noncapital financing activities:			
Transfers in	<u>\$ 62,707</u>	<u>\$ 1,523,500</u>	<u>\$ 1,586,207</u>
Net cash provided by noncapital financing activities	<u>\$ 62,707</u>	<u>\$ 1,523,500</u>	<u>\$ 1,586,207</u>
Cash flows from investing activities:			
Interest earned	<u>\$ 7,794</u>	<u>\$ 9,518</u>	<u>\$ 17,312</u>
Net cash provided by investing activities	<u>\$ 7,794</u>	<u>\$ 9,518</u>	<u>\$ 17,312</u>
Increase (decrease) in cash and cash equivalents	\$ 50,224	\$ 138,881	\$ 189,105
Cash and cash equivalents at beginning of year	<u>126,703</u>	<u>130,387</u>	<u>257,090</u>
Cash and cash equivalents at end of year	<u><u>\$ 176,927</u></u>	<u><u>\$ 269,268</u></u>	<u><u>\$ 446,195</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (77,697)	\$ (47,624)	\$ (125,321)
Adjustments to reconcile net loss to net cash provided by operations:			
Depreciation	181,063	103,872	284,935
Changes in operating assets and liabilities:			
(Increase)/Decrease in accounts receivable	(13,634)	(385)	(14,019)
Increase/(Decrease) in accounts payable	<u>12,163</u>	<u>2,349</u>	<u>14,512</u>
Net cash provided by operating activities	<u><u>\$ 101,895</u></u>	<u><u>\$ 58,212</u></u>	<u><u>\$ 160,107</u></u>

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

Statement of Fiduciary Net Assets  
 At June 30, 2007

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>239,814</u>
<b>LIABILITIES</b>	
Amounts held for others	\$ <u>239,814</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, 2007

---

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

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

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

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

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

#### A. Financial Reporting Entity

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

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

*Discretely Presented Component Units*—The School Board members are 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, 2007.

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

#### B. Individual Component Unit Disclosures

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

#### C. Other Related Organizations

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

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

None

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

##### Crossroads Community Services Board

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

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

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

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

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

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

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

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

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

---

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

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

1. Governmental Funds

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

a. General Fund

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

b. County Capital Projects Fund

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

c. School Capital Projects Fund

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

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

##### Enterprise Funds

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

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

The County reports the following major enterprise funds:

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

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

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

#### E. Budgets and Budgetary Accounting

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

1. Prior to March 15, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however the School Board is authorized to transfer budgeted 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.

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

#### F. Cash and Cash Equivalents

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

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

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

#### G. Investments

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

#### H. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$173,775 at June 30, 2007 is comprised 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 15<sup>th</sup> and the second on November 15<sup>th</sup>. Personal property taxes are payable November 15<sup>th</sup>. The County bills and collects its own property taxes.

#### I. Capital Assets

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2007 was immaterial.

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

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

**J. Compensated Absences**

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

**K. Long-term Obligations**

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

#### L. Fund Equity

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

#### M. Retirement Plan

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

#### N. Use of Estimates

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

#### O. Net Assets

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

### Note 2—Deposits and Investments:

---

#### Deposits

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

#### Investments

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (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, 2007 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments	Locality's Rate Debt Investments' Values	
	Fair Quality Ratings	
	AAA	A-1+
Local Government Investment Pool	\$ 3,655,427	\$ -
Corporate Debt	-	302,376
U.S. Treasury Money Market	9,305,564	-
Bear Stearns Fund	384,625	-
Total	\$ <u>13,345,616</u>	\$ <u>302,376</u>

**Interest Rate Risk:**

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

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Corporate Debt	\$ 302,376	\$ 302,376	\$ -	\$ -	\$ -
Bear Stearns Fund	384,625	-	-	-	384,625
	\$ <u>687,001</u>	\$ <u>302,376</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, 2007 (Continued)

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

At June 30, 2007 the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 230,498
Local sales taxes	85,647	-
Communication taxes	66,505	-
Public assistance	26,521	-
Comprehensive services	145,710	-
Other	11,589	-
Recordation tax	4,429	-
Shared expenses	85,498	-
Payment in lieu of taxes	48,951	-
Water grant	156,485	-
Mobile Home Titling Tax	7,937	-
Federal Government:		
School funds	-	86,489
Public assistance	41,260	-
EPA grant	27,200	-
Total	\$ <u>707,732</u>	\$ <u>316,987</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, 2007 (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, 2007.

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 698,724	\$ -
Component Unit-School Board:		
School Operating	-	320,947
Component Unit-Industrial Development Authority:		
Industrial Development Authority	<u>-</u>	<u>377,777</u>
 Total	 <u>\$ 698,724</u>	 <u>\$ 698,724</u>

**Note 5—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 1,775,492	\$ 166,993
County Capital Projects	-	8,893,974
School Capital Projects	5,699,268	-
Sewer	62,707	-
Water	<u>1,523,500</u>	<u>-</u>
 Total	 <u>\$ 9,060,967</u>	 <u>\$ 9,060,967</u>

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

**Note 6—Note Receivable:**

\$1,000,000 note from the Component Unit IDA dated March 1, 1998 to be repaid in monthly installments of \$5,556 through March 2013, interest at no stated rate. At June 30, 2007, the note balance is \$377,777.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 7—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2007:

	<u>Balance July 1, 2006, as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<b>Governmental Activities:</b>				
<b>County:</b>				
Land	\$ 142,089	\$ -	\$ -	\$ 142,089
Buildings and improvements	4,748,992	-	-	4,748,992
Equipment (including vehicles)	1,551,996	275,935	28,506	1,799,425
Jointly owned assets	7,107,718	1,624,725	429,167	8,303,276
Construction in progress - Jointly owned assets	-	5,867,265	-	5,867,265
Construction in progress	<u>378,204</u>	<u>693,789</u>	<u>-</u>	<u>1,071,993</u>
Total	<u>\$ 13,928,999</u>	<u>\$ 8,461,714</u>	<u>\$ 457,673</u>	<u>\$ 21,933,040</u>
Less accumulated depreciation	<u>3,554,261</u>	<u>534,026</u>	<u>134,874</u>	<u>3,953,413</u>
Net capital assets	<u>\$ 10,374,738</u>	<u>\$ 7,927,688</u>	<u>\$ 322,799</u>	<u>\$ 17,979,627</u>
<b>Component Unit - School Board:</b>				
Land	\$ 121,421	\$ 154,266	\$ -	\$ 275,687
Buildings	3,357,420	480,964	-	3,838,384
Equipment (including vehicles)	2,581,549	41,675	-	2,623,224
Jointly owned assets	1,995,835	429,167	-	2,425,002
Construction in progress	<u>901,539</u>	<u>1,711,665</u>	<u>2,259,955</u>	<u>353,249</u>
Total	<u>\$ 8,957,764</u>	<u>\$ 2,817,737</u>	<u>\$ 2,259,955</u>	<u>\$ 9,515,546</u>
Less accumulated depreciation	<u>4,059,722</u>	<u>479,327</u>	<u>-</u>	<u>4,539,049</u>
Net capital assets	<u>\$ 4,898,042</u>	<u>\$ 2,338,410</u>	<u>\$ 2,259,955</u>	<u>\$ 4,976,497</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

Note 7—Capital Assets: (Continued)

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

	<u>Balance July 1, 2006 as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<b>Business-type activities:</b>				
<b>Sewer Fund:</b>				
Equipment	\$ 46,237	\$ 17,869	\$ -	\$ 64,106
Land	22,458	-	-	22,458
Sewer lines	5,295,086	-	-	5,295,086
Buildings	1,447,348	-	-	1,447,348
Total	\$ 6,811,129	\$ 17,869	\$ -	\$ 6,828,998
Less accumulated depreciation	<u>1,685,886</u>	<u>181,063</u>	<u>-</u>	<u>1,866,949</u>
Net capital assets	<u>\$ 5,125,243</u>	<u>\$ (163,194)</u>	<u>\$ -</u>	<u>\$ 4,962,049</u>
<b>Water Fund:</b>				
Equipment	\$ -	\$ 22,805	\$ -	\$ 22,805
Reservoir	-	1,932,398	-	1,932,398
Water lines	-	2,040,042	-	2,040,042
Construction in progress	2,542,895	1,429,545	3,972,440	-
Total	\$ 2,542,895	\$ 5,424,790	\$ 3,972,440	\$ 3,995,245
Less accumulated depreciation	<u>-</u>	<u>103,872</u>	<u>-</u>	<u>103,872</u>
Net capital assets	<u>\$ 2,542,895</u>	<u>\$ 5,320,918</u>	<u>\$ 3,972,440</u>	<u>\$ 3,891,373</u>

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

<b>Governmental activities:</b>	
General government	\$ 26,308
Judicial administration	91,319
Public safety	158,277
Public works	36,566
Health and welfare	7,047
Education	207,582
Parks, recreation and cultural	2,527
Community development	4,400
Total	<u>\$ 534,026</u>
Component Unit-School Board	<u>\$ 350,154</u>
Sewer Fund	<u>\$ 181,063</u>
Water Fund	<u>\$ 103,872</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

Note 7—Capital Assets: (Continued)

Enterprise Capital Assets: (continued)

Capital assets were restated to reflect adjustments to construction in progress and actual inventory at June 30, 2006:

	<u>Balance June 30, 2006</u>	<u>Restatement</u>	<u>Balance July 1, 2006</u>
<b>County:</b>			
Land	\$ 142,089	\$ -	\$ 142,089
Buildings and improvements	4,748,992	-	4,748,992
Equipment (including vehicles)	1,551,996	-	1,551,996
Jointly owned assets	7,107,718	-	7,107,718
Construction in progress	<u>2,921,099</u>	<u>(2,542,895)</u>	<u>378,204</u>
Total	\$ 16,471,894	\$ (2,542,895)	\$ 13,928,999
Less accumulated depreciation	<u>3,554,261</u>	<u>-</u>	<u>3,554,261</u>
Net capital assets	<u>\$ 12,917,633</u>	<u>\$ (2,542,895)</u>	<u>\$ 10,374,738</u>
<b>Component Unit - School Board:</b>			
Land	\$ 121,421	\$ -	\$ 121,421
Buildings and improvements	1,735,949	1,621,471	3,357,420
Equipment (including vehicles)	2,581,549	-	2,581,549
Jointly owned assets	1,995,835	-	1,995,835
Construction in progress	<u>901,539</u>	<u>-</u>	<u>901,539</u>
Total	\$ 7,336,293	\$ 1,621,471	\$ 8,957,764
Less accumulated depreciation	<u>4,019,185</u>	<u>40,537</u>	<u>4,059,722</u>
Net capital assets	<u>\$ 3,317,108</u>	<u>\$ 1,580,934</u>	<u>\$ 4,898,042</u>
<b>Water Fund:</b>			
Construction in progress	<u>\$ -</u>	<u>\$ 2,542,895</u>	<u>\$ 2,542,895</u>
Total	\$ -	\$ 2,542,895	\$ 2,542,895
Less accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>\$ -</u>	<u>\$ 2,542,895</u>	<u>\$ 2,542,895</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

**Note 8—Restricted Assets:**

---

Restricted assets at June 30, 2007 consist of the following:

Cash reserves for debt service-school	\$	396,921
Cash reserves for debt service-courthouse		<u>317,157</u>
Total	\$	<u><u>714,078</u></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 \$836,156 is comprised of the following:

**A. Deferred Property Tax Revenue**

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$751,485 at June 30, 2007.

**B. Prepaid Property Taxes**

Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$84,671 at June 30, 2007.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

Note 10—Long—Term Debt:

Primary Government:

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

Year Ending June 30,	Business-Type		Governmental					
	Revenue Bonds		General Obligation Bonds		Literary Fund Loans		VACO/VML Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 32,152	\$ 72,152	\$ 335,000	\$ 331,818	\$ 244,167	\$ 111,407	\$ 15,800,000	\$ 684,140
2009	32,033	72,271	350,000	314,795	244,167	104,082	-	-
2010	33,504	70,800	375,000	296,029	244,167	96,757	-	-
2011	35,043	69,261	395,000	275,859	244,167	89,432	-	-
2012	36,653	67,651	415,000	254,404	236,887	82,107	-	-
2013	38,337	65,967	435,000	231,654	166,667	75,000	-	-
2014	40,098	64,206	460,000	207,249	166,667	70,000	-	-
2015	41,940	62,364	485,000	180,958	166,667	65,000	-	-
2016	43,867	60,437	510,000	152,992	166,667	60,000	-	-
2017	45,882	58,422	545,000	123,060	166,667	55,000	-	-
2018	47,990	56,314	575,000	90,980	166,667	50,000	-	-
2019	50,195	54,109	225,000	69,109	166,667	45,000	-	-
2020	52,501	51,803	235,000	58,125	166,667	40,000	-	-
2021	54,913	49,391	245,000	46,544	166,667	35,000	-	-
2022	57,435	46,869	260,000	34,233	166,667	30,000	-	-
2023	60,074	44,230	275,000	21,056	166,667	25,000	-	-
2024	62,834	41,470	285,000	7,125	166,667	20,000	-	-
2025	65,720	38,584	-	-	166,667	15,000	-	-
2026	68,739	35,565	-	-	166,667	10,000	-	-
2027	71,897	32,407	-	-	166,657	5,000	-	-
2028	75,200	29,104	-	-	-	-	-	-
2029	78,655	25,649	-	-	-	-	-	-
2030	82,268	22,036	-	-	-	-	-	-
2031	86,048	18,256	-	-	-	-	-	-
2032	90,001	14,303	-	-	-	-	-	-
2033	94,135	10,169	-	-	-	-	-	-
2034	98,460	5,844	-	-	-	-	-	-
2035	70,258	1,531	-	-	-	-	-	-
2036	5,916	49	-	-	-	-	-	-
Total	\$ 1,652,748	\$ 1,241,214	\$ 6,405,000	\$ 2,695,990	\$ 3,713,550	\$ 1,083,785	\$ 15,800,000	\$ 684,140

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (continued)**

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2007.

<b>Governmental Activities:</b>	<b>Amounts Payable at July 1, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2007</b>	<b>Amounts Due Within One Year</b>
Compensated absences payable	\$ 141,128	\$ 88,676	\$ 35,282	\$ 194,522	\$ 19,452
Landfill closure	512,154	-	64,631	447,523	-
County general obligations bonds	3,580,000	-	140,000	3,440,000	140,000
School general obligation debt	3,150,000	-	185,000	2,965,000	195,000
VACO/VML temporary financing	-	15,800,000	-	15,800,000	15,800,000
Literary fund loans	<u>3,957,717</u>	<u>-</u>	<u>244,167</u>	<u>3,713,550</u>	<u>244,167</u>
Total Governmental Activities	\$ 11,340,999	\$ 15,888,676	\$ 669,080	\$ 26,560,595	\$ 16,398,619
<b>Business-Type Activities:</b>					
<b>Sewer Fund:</b>					
Revenue Bonds	<u>1,699,202</u>	<u>-</u>	<u>46,454</u>	<u>1,652,748</u>	<u>32,152</u>
Total primary government	<u>\$ 13,040,201</u>	<u>\$ 15,888,676</u>	<u>\$ 715,534</u>	<u>\$ 28,213,343</u>	<u>\$ 16,430,771</u>

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

**Business-Type Activities:**

Revenue Bonds Payable:

\$1,548,800 series 1995 and Series A Sewer Revenue Bonds. Series A of \$772,000 and Series B of \$776,800 issued October 31, 1995 through the Commonwealth of Virginia. Interest payable for Series and Series A at 4.50% per year, interest only payable on the first and second anniversary dates of closing and thereafter payable in monthly installments of combined principal and interest of \$3,544 for Series A and \$3,566 for Series B each month for a period of thirty-eight years, until paid, each payment to be applied first to interest accrued to such payment date and then to principal, and such financial installment, if not sooner paid, to be due and payable within forty years. \$ 1,348,682

\$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.

Total Revenue Bonds

304,066  
\$ 1,652,748

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

**Primary Government: (Continued)**

**Governmental Activities:**

VACO/VML Temporary Financing:

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

State Literary Fund Loans:

\$1,542,720, issued May 22, 1993, due in principal annual installments of \$77,500,  
interest payable annually at 3% \$ 380,220

\$5,000,000, issued February 27, 1997, due in principal annual installments of \$166,667,  
interest payable annually at 3% 3,333,330

Total State Literary Fund Loans \$ 3,713,550

General Obligation Bonds:

\$4,190,000 obligation dated June 24, 1997, payable in various principal annual  
installments through July 15, 2017, interest payable semi-annually at rates ranging from  
4.80% to 6.375% \$ 2,965,000

\$3,845,000 obligation dated October 1, 2001, payable in various principal annual  
installments through July 1, 2023, interest payable semi-annually at 4.627% 3,440,000

Total General Obligation Bonds \$ 6,405,000

Accrued compensated absences \$ 194,522

Landfill closure \$ 447,523

Total governmental fund long-term obligations \$ 26,560,595

Total Primary Government \$ 28,213,343

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

Note 10—Long—Term Debt: (Continued)

Component Unit School Board:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2007:

	Amounts Payable at July 1, 2006	Increases	Decreases	Amounts Payable at June 30, 2007	Amounts Due Within OneYear
Compensated absences payable	\$ 206,670	\$ 155,560	\$ 51,667	\$ 310,563	\$ 31,056
Ameresco Performance Contract	1,566,679	-	34,277	1,532,402	39,069
Capital lease	160,500	-	51,689	108,811	51,814
<b>Total</b>	<b>\$ 1,933,849</b>	<b>\$ 155,560</b>	<b>\$ 137,633</b>	<b>\$ 1,951,776</b>	<b>\$ 121,939</b>

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

Year Ending June 30,	Capital Lease		Ameresco Performance Contract	
	Principal	Interest	Principal	Interest
2008	\$ 53,482	\$ 3,500	\$ 39,069	\$ 74,322
2009	55,329	1,653	44,183	72,427
2010	-	-	49,639	70,284
2011	-	-	55,455	67,876
2012	-	-	61,651	65,187
2013	-	-	68,249	62,197
2014	-	-	75,271	58,887
2015	-	-	82,742	55,236
2016	-	-	90,685	51,223
2017	-	-	99,127	46,825
2018	-	-	108,096	42,017
2019	-	-	117,620	36,774
2020	-	-	127,730	31,070
2021	-	-	138,458	24,875
2022	-	-	149,838	18,160
2023	-	-	161,905	10,893
2024	-	-	62,684	3,040
<b>Total</b>	<b>\$ 108,811</b>	<b>\$ 5,153</b>	<b>\$ 1,532,402</b>	<b>\$ 791,293</b>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

---

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

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%. The total cost of these buses was \$210,698.	\$ 108,811
Ameresco performance contract lease, payable in various annual installments through June 2024. Interest payable at 4.85%. The total cost of the building was \$1,621,471.	1,532,402
Compensated absences	<u>310,563</u>
Total long-term obligations	<u>\$ 1,951,776</u>

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

---

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

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

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

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

## COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (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 2007 were 5.08% and 4.27% of annual covered payroll, respectively.

The School Board's professional employees contributed \$695,730, \$451,154 and \$377,982 to the teacher cost-sharing pool for the fiscal years ended June 30, 2007, 2006 and 2005 respectively and these contributions represented 9.20%, 6.62%, and 6.63% respectively, of current covered payroll.

#### C. Annual Pension Cost

For fiscal 2007, the County's annual pension cost of \$136,718 was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

In fiscal 2007, the School Board's annual pension cost for the non-professional employees was \$32,668 which was equal to the Board's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (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, 2005	June 30, 2005
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	21 Years	21 Years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	7.50%	7.50%
Projected salary increases: <sup>1</sup>		
Non LEO Employees	3.50% to 5.73%	3.50% to 5.73%
LEO Employees	3.50% to 4.71%	3.50% to 4.71%
Cost-of-living adjustments	2.50%	2.50%

<sup>1</sup> Includes inflation at 2.50%

<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, 2007	\$ 136,718	100%	\$ -
June 30, 2006	94,762	100%	-
June 30, 2005	82,316	100%	-
School Board Non-Professional:			
June 30, 2007	\$ 32,668	100%	\$ -
June 30, 2006	10,365	100%	-
June 30, 2005	9,807	100%	-

(1) Employer portion only

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (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, 2007, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

**Note 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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

**Note 16—Contingent Liabilities:**

---

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

**Note 17—Restatement of Beginning Net Assets:**

---

Net assets have been restated as of June 30, 2006 as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u> <u>Water Fund</u>
Beginning net assets, as previously reported	\$ 7,500,521	\$ 130,147
Water system project and reservoir project previously capitalized in Governmental Activities, transferred to Water Fund	<u>(2,542,895)</u>	<u>2,542,895</u>
Beginning net assets, as restated	<u>\$ 4,957,626</u>	<u>\$ 2,673,042</u>

This page intentionally left blank

**Required Supplementary Information**

This page intentionally left blank

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual -- General Fund  
 Year Ended June 30, 2007

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
<b>Revenues:</b>				
General property taxes	\$ 6,265,950	\$ 6,282,200	\$ 6,325,766	\$ 43,566
Other local taxes	1,253,300	1,253,300	1,296,960	43,660
Permits, privilege fees and regulatory licenses	73,500	73,500	102,542	29,042
Fines and forfeitures	26,000	45,113	50,642	5,529
Revenue from use of money and property	99,500	99,500	155,078	55,578
Charges for services	45,785	55,215	44,332	(10,883)
Miscellaneous	6,000	104,667	85,418	(19,249)
<b>Intergovernmental:</b>				
County contribution from IDA	14,000	14,000	17,695	3,695
Commonwealth	2,975,453	3,190,577	2,986,421	(204,156)
Federal	606,615	744,484	670,678	(73,806)
<b>Total revenues</b>	<b>\$ 11,366,103</b>	<b>\$ 11,862,556</b>	<b>\$ 11,735,532</b>	<b>\$ (127,024)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 1,215,694	\$ 1,369,596	\$ 1,386,278	\$ (16,682)
Judicial administration	322,396	315,444	310,989	4,455
Public safety	1,671,350	1,985,962	1,946,684	39,278
Public works	955,489	1,114,353	1,117,006	(2,653)
Health and welfare	2,497,126	2,595,116	2,267,877	327,239
Education	3,971,986	5,596,421	5,339,988	256,433
Parks, recreation, and cultural	171,539	164,623	164,873	(250)
Community development	433,154	407,056	408,285	(1,229)
Nondepartmental	56,000	6,001	46,002	(40,001)
<b>Debt service:</b>				
Principal retirement	501,170	501,170	569,167	(67,997)
Interest and other fiscal charges	467,081	467,081	567,483	(100,402)
<b>Total expenditures</b>	<b>\$ 12,262,985</b>	<b>\$ 14,522,823</b>	<b>\$ 14,124,632</b>	<b>\$ 398,191</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (896,882)</b>	<b>\$ (2,660,267)</b>	<b>\$ (2,389,100)</b>	<b>\$ 271,167</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ 1,714,907	\$ 1,775,492	\$ 60,585
Transfers (out)	(54,900)	(138,441)	(166,993)	(28,552)
<b>Total other financing sources (uses)</b>	<b>\$ (54,900)</b>	<b>\$ 1,576,466</b>	<b>\$ 1,608,499</b>	<b>\$ 32,033</b>
<b>Net change in fund balance</b>	<b>\$ (951,782)</b>	<b>\$ (1,083,801)</b>	<b>\$ (780,601)</b>	<b>\$ 303,200</b>
<b>Fund balance at beginning of year</b>	<b>951,782</b>	<b>1,083,801</b>	<b>5,803,493</b>	<b>4,719,692</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,022,892</b>	<b>\$ 5,022,892</b>

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

County

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2006	\$ 5,541,173	\$ 5,674,631	\$ 133,458	97.65%	\$ 2,385,873	5.59%
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%)

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)
6/30/2006	\$ 1,732,461	\$ 1,634,092	\$ (98,369)	106.02%	\$ 676,621	(14.54%)
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%)

**Other Supplementary Information**

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual -- Capital Projects Funds  
 Year Ended June 30, 2007

	County Capital Projects Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 109,600	\$ 109,600
Miscellaneous	-	-	500,000	500,000
<b>Intergovernmental:</b>				
Commonwealth	-	-	543,491	543,491
Federal	-	-	1,103,807	1,103,807
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,256,898</b>	<b>\$ 2,256,898</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 73,200	\$ 73,200	\$ 91,154	\$ (17,954)
Judicial administration	179,000	179,997	166,409	13,588
Public safety	749,760	679,288	870,306	(191,018)
Public works	11,000	11,000	48,464	(37,464)
Health and welfare	10,000	10,000	-	10,000
Education	-	-	52,256	(52,256)
Parks, recreation, and cultural	4,000	4,000	14,974	(10,974)
Community development	275,000	275,000	-	275,000
<b>Debt service:</b>				
Interest and other fiscal charges	-	-	181,289	(181,289)
<b>Total expenditures</b>	<b>\$ 1,301,960</b>	<b>\$ 1,232,485</b>	<b>\$ 1,424,852</b>	<b>\$ (192,367)</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,301,960)	\$ (1,232,485)	\$ 832,046	\$ 2,064,531
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Issuance of long-term debt	-	-	15,800,000	15,800,000
Transfers (out)	-	(70,472)	(8,893,974)	(8,823,502)
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ (70,472)</b>	<b>\$ 6,906,026</b>	<b>\$ 6,976,498</b>
<b>Net change in fund balances</b>	<b>\$ (1,301,960)</b>	<b>\$ (1,302,957)</b>	<b>\$ 7,738,072</b>	<b>\$ 9,041,029</b>
Fund balance at beginning of year	1,301,960	1,302,957	189,943	(1,113,014)
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,928,015</b>	<b>\$ 7,928,015</b>



This page intentionally left blank

Combining Statement of Fiduciary Net Assets -  
 Agency Funds  
 At June 30, 2007

	Agency Funds			Totals
	Special Welfare Fund	Sheriff's Forfeiture Fund	Landfill Escrow Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,768	\$ 166,426	\$ 60,620	\$ 239,814
Total assets	<u>\$ 12,768</u>	<u>\$ 166,426</u>	<u>\$ 60,620</u>	<u>\$ 239,814</u>
<b>LIABILITIES</b>				
Amounts held for sheriff	\$ -	\$ 166,426	\$ -	\$ 166,426
Amounts held for social services clients	12,768	-	-	12,768
Amounts held for landfill	-	-	60,620	60,620
Total liabilities	<u>\$ 12,768</u>	<u>\$ 166,426</u>	<u>\$ 60,620</u>	<u>\$ 239,814</u>

Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year Ended June 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,934	\$ 53,287	\$ 45,453	\$ 12,768
<b>Liabilities:</b>				
Amounts held for social service clients	\$ 4,934	\$ 53,287	\$ 45,453	\$ 12,768
<b>Sheriff's Forfeiture Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 139,365	\$ 47,160	\$ 20,099	\$ 166,426
<b>Liabilities:</b>				
Amounts held for sheriff	\$ 139,365	\$ 47,160	\$ 20,099	\$ 166,426
<b>Virginia Retreat Consortium:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 5,484	\$ -	\$ 5,484	\$ -
<b>Liabilities:</b>				
Amounts held for consortium	\$ 5,484	\$ -	\$ 5,484	\$ -
<b>Landfill Escrow Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 57,593	\$ 3,027	\$ -	\$ 60,620
<b>Liabilities:</b>				
Amounts held for landfill	\$ 57,593	\$ 3,027	\$ -	\$ 60,620
<b>Totals -- All agency funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 207,376	\$ 103,474	\$ 71,036	\$ 239,814
<b>Liabilities:</b>				
Amounts held for social service clients	\$ 4,934	\$ 53,287	\$ 45,453	\$ 12,768
Amounts held for sheriff	139,365	47,160	20,099	166,426
Amounts held for consortium	5,484	-	5,484	-
Amounts held for landfill	57,593	3,027	-	60,620
Total liabilities	\$ 207,376	\$ 103,474	\$ 71,036	\$ 239,814

**Discretely Presented Component Unit–School Board**

Combining Balance Sheet -  
Discretely Presented Component Unit - School Board  
At June 30, 2007

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 662,338	\$ -	\$ 662,338
Receivables (Net of allowances for uncollectibles):			
Accounts	2,748	-	2,748
Due from other governmental units	316,987	-	316,987
Due from other funds	-	48,118	48,118
Prepaid expenditures	83,735	-	83,735
	<u>1,065,808</u>	<u>48,118</u>	<u>1,113,926</u>
Total assets	\$ <u>1,065,808</u>	\$ <u>48,118</u>	\$ <u>1,113,926</u>
<b>LIABILITIES</b>			
Reconciled overdraft	\$ -	\$ 25,425	\$ 25,425
Accounts payable	59,753	-	59,753
Accrued liabilities	636,990	20,364	657,354
Due to other funds	48,118	-	48,118
Due to primary government	320,947	-	320,947
	<u>1,065,808</u>	<u>45,789</u>	<u>1,111,597</u>
Total liabilities	\$ <u>1,065,808</u>	\$ <u>45,789</u>	\$ <u>1,111,597</u>
<b>FUND BALANCES</b>			
Unreserved:			
Designated:			
Designated for subsequent expenditures	\$ -	\$ 2,329	\$ 2,329
Undesignated	-	-	-
	<u>-</u>	<u>2,329</u>	<u>2,329</u>
Total fund balances	\$ <u>-</u>	\$ <u>2,329</u>	\$ <u>2,329</u>

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

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

4,976,497

Adjustment for amounts due to / due from primary government

310,563

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

(1,951,776)

Net assets of General Government Activities

\$ 3,337,613

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2007

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
<b>Revenues:</b>			
Revenue from use of money and property	\$ 56,232	\$ 145	\$ 56,377
Charges for services	-	273,437	273,437
Miscellaneous	310,443	71,089	381,532
<b>Intergovernmental:</b>			
County contribution to School Board	5,337,702	-	5,337,702
Commonwealth	9,164,275	10,477	9,174,752
Federal	2,568,703	410,892	2,979,595
<b>Total revenues</b>	<b>\$ 17,437,355</b>	<b>\$ 766,040</b>	<b>\$ 18,203,395</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Education	\$ 17,375,945	\$ 825,121	\$ 18,201,066
<b>Total expenditures</b>	<b>\$ 17,375,945</b>	<b>\$ 825,121</b>	<b>\$ 18,201,066</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 61,410</b>	<b>\$ (59,081)</b>	<b>\$ 2,329</b>
<b>Other financing sources (uses):</b>			
Transfers in	\$ -	\$ 61,410	\$ 61,410
Transfers (out)	(61,410)	-	(61,410)
<b>Total other financing sources (uses)</b>	<b>\$ (61,410)</b>	<b>\$ 61,410</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 2,329</b>	<b>\$ 2,329</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ 2,329</b>	<b>\$ 2,329</b>

COUNTY OF CUMBERLAND, VIRGINIA

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual -  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2007

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 56,232	\$ 56,232
Charges for services	-	-	-	-
Miscellaneous	-	311,111	310,443	(668)
<b>Intergovernmental:</b>				
County contribution to School Board	3,969,700	5,594,135	5,337,702	(256,433)
Commonwealth	8,815,159	9,636,336	9,164,275	(472,061)
Federal	2,274,425	2,595,620	2,568,703	(26,917)
<b>Total revenues</b>	<u>\$ 15,059,284</u>	<u>\$ 18,137,202</u>	<u>\$ 17,437,355</u>	<u>\$ (699,847)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Education	\$ 15,059,284	\$ 18,137,202	\$ 17,375,945	\$ 761,257
<b>Total expenditures</b>	<u>\$ 15,059,284</u>	<u>\$ 18,137,202</u>	<u>\$ 17,375,945</u>	<u>\$ 761,257</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,410</u>	<u>\$ (1,461,104)</u>
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	(61,410)	(61,410)
<b>Total other financing sources (uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,410)</u>	<u>\$ -</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance at beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Exhibit 17

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
\$ -	\$ -	\$ 145	\$ 145
-	-	273,437	273,437
-	-	71,089	71,089
-	-	-	-
-	-	10,477	10,477
-	-	410,892	410,892
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,040</u>	<u>\$ 766,040</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,121</u>	<u>\$ (825,121)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,121</u>	<u>\$ (825,121)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,081)</u>	<u>\$ 1,591,161</u>
\$ -	\$ -	\$ 61,410	\$ 61,410
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,410</u>	<u>\$ 61,410</u>
\$ -	\$ -	\$ 2,329	\$ 2,329
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,329</u>	<u>\$ 2,329</u>

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, 2007

		<u>Component Unit School Board</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds	\$	2,329
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	\$	142,870
Depreciation expense		<u>(350,154)</u>
		(207,284)
Transfer of joint tenancy assets from Primary Government to the Component Unit		299,994
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal retired on capital lease	\$	51,689
Principal retired on performance contract		<u>34,277</u>
		85,966
Change in net assets of governmental activities	\$	<u><u>181,005</u></u>

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

Statement of Net Assets -  
 Discretely Presented Component Unit - Industrial Development Authority  
 At June 30, 2007

ASSETS	Discretely Presented Component Unit - IDA
Note receivable	\$ <u>377,777</u>
Total	\$ <u><u>377,777</u></u>
LIABILITIES	
Due to primary government	\$ <u>377,777</u>
Total liabilities	\$ <u><u>377,777</u></u>

Statement of Revenues, Expenses and Changes in Fund Net Assets -  
 Discretely Presented Component Unit - Industrial Development Authority  
 Year Ended June 30, 2007

---

	<u>Discretely Presented Component Unit - IDA</u>
Non-operating revenues (expenses):	
Interest income	\$ 17,695
Contribution to County of Cumberland	<u>(17,695)</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, 2007

	<u>Discretely Presented Component Unit - IDA</u>
Cash Flows from Noncapital Financing Activities:	
Contribution to County of Cumberland	\$ <u>(17,695)</u>
Net cash provided by (used in) operating activities	\$ <u>(17,695)</u>
Cash flows from capital and related financing activities:	
Note repayment	\$ 66,667
Retirement of due to primary government	<u>(66,667)</u>
Net cash provided by (used in) capital and related financing activities	\$ <u>-</u>
Cash flows from investing activities:	
Investment interest earned	\$ <u>17,695</u>
Net cash provided by (used in) investing activities	\$ <u>17,695</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>

## **Supporting Schedules**

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2007

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,098,650	\$ 4,114,900	\$ 4,004,363	\$ (110,537)
Real and personal public service corporation property taxes	400,000	400,000	390,635	(9,365)
Personal property taxes	1,394,300	1,394,300	1,572,344	178,044
Mobile Homes	61,000	61,000	48,795	(12,205)
Airplane taxes	56,000	56,000	8,362	(47,638)
Machinery and tools taxes	75,000	75,000	76,578	1,578
Penalties	110,000	110,000	123,064	13,064
Interest	71,000	71,000	101,625	30,625
<b>Total general property taxes</b>	<b>\$ 6,265,950</b>	<b>\$ 6,282,200</b>	<b>\$ 6,325,766</b>	<b>\$ 43,566</b>
Other local taxes:				
Local sales and use taxes	\$ 400,000	\$ 400,000	\$ 471,587	\$ 71,587
Communication taxes	-	-	188,301	188,301
Consumers' utility taxes	400,000	400,000	313,312	(86,688)
Business license taxes	90,000	90,000	135,908	45,908
Franchise license taxes	6,800	6,800	13,026	6,226
Bank franchise tax	28,000	28,000	26,400	(1,600)
Motor vehicle licenses	192,000	192,000	7,780	(184,220)
Taxes on recordation and wills	71,500	71,500	99,380	27,880
E-911 taxes	65,000	65,000	41,266	(23,734)
<b>Total other local taxes</b>	<b>\$ 1,253,300</b>	<b>\$ 1,253,300</b>	<b>\$ 1,296,960</b>	<b>\$ 43,660</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 13,200	\$ 13,200	\$ 7,536	\$ (5,664)
Building and related permits	56,600	56,600	86,345	29,745
Transfer fees	400	400	586	186
Land use application fees	300	300	1,100	800
Zoning fees	3,000	3,000	6,975	3,975
<b>Total permits, privilege fees and regulatory licenses</b>	<b>\$ 73,500</b>	<b>\$ 73,500</b>	<b>\$ 102,542</b>	<b>\$ 29,042</b>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 26,000	\$ 45,113	\$ 50,642	\$ 5,529
<b>Total fines and forfeitures</b>	<b>\$ 26,000</b>	<b>\$ 45,113</b>	<b>\$ 50,642</b>	<b>\$ 5,529</b>

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 99,000	\$ 99,000	\$ 146,685	\$ 47,685
Revenue from use of property	500	500	8,393	7,893
Total revenue from use of money and property	<u>\$ 99,500</u>	<u>\$ 99,500</u>	<u>\$ 155,078</u>	<u>\$ 55,578</u>
Charges for services:				
Sheriff's fees	\$ 360	\$ 360	\$ 360	\$ -
Commonwealth attorney fees	125	125	239	114
Other charges for services	45,300	54,730	43,733	(10,997)
Total charges for services	<u>\$ 45,785</u>	<u>\$ 55,215</u>	<u>\$ 44,332</u>	<u>\$ (10,883)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 6,000	\$ 104,667	\$ 85,418	\$ (19,249)
Total miscellaneous revenue	<u>\$ 6,000</u>	<u>\$ 104,667</u>	<u>\$ 85,418</u>	<u>\$ (19,249)</u>
Total revenue from local sources	<u>\$ 7,770,035</u>	<u>\$ 7,913,495</u>	<u>\$ 8,060,738</u>	<u>\$ 147,243</u>
Intergovernmental revenue:				
IDA contribution to County	\$ 14,000	\$ 14,000	\$ 17,695	\$ 3,695
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 60,000	\$ 85,378	\$ 48,951	\$ (36,427)
Noncategorical aid:				
ABC profits	\$ 5,000	\$ 5,000	\$ 10,013	\$ 5,013
Wine taxes	5,000	5,000	10,496	5,496
Rental tax - DMV	500	500	673	173
Mobile home titling taxes	16,000	16,000	37,871	21,871
Tax on deeds	15,000	15,000	21,236	6,236
PPTRA	871,700	871,700	911,979	40,279
Railroad rolling stock taxes	-	-	204	204
Recordation tax	14,000	14,000	21,014	7,014
Total noncategorical aid	<u>\$ 927,200</u>	<u>\$ 927,200</u>	<u>\$ 1,013,486</u>	<u>\$ 86,286</u>

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 64,848	\$ 64,848	\$ 68,676	\$ 3,828
Sheriff	521,174	521,174	550,975	29,801
Commissioner of the Revenue	75,192	75,192	81,866	6,674
Treasurer	79,559	80,004	94,921	14,917
Medical examiner	180	180	30	(150)
Registrar/electoral board	29,745	29,745	34,947	5,202
Clerk of the Circuit Court	111,709	121,927	125,855	3,928
Total shared expenses	<u>\$ 882,407</u>	<u>\$ 893,070</u>	<u>\$ 957,270</u>	<u>\$ 64,200</u>
Other categorical aid:				
Fire programs	\$ -	\$ 20,714	\$ 20,714	\$ -
Litter Control	-	-	5,307	5,307
Records preservation grant	-	14,465	17,541	3,076
Emergency medical services	-	7,780	7,780	-
Biosolids monitor reimbursement	4,000	4,000	1,698	(2,302)
Comprehensive Services Act	835,200	835,200	539,413	(295,787)
Foster care reimbursement	-	-	2,631	2,631
Law enforcement block grant	-	2,846	2,846	-
Rescue squad assistance grant	-	133,278	133,278	-
Public assistance and welfare	266,646	266,646	235,506	(31,140)
Total other categorical aid	<u>\$ 1,105,846</u>	<u>\$ 1,284,929</u>	<u>\$ 966,714</u>	<u>\$ (318,215)</u>
Total categorical aid	<u>\$ 1,988,253</u>	<u>\$ 2,177,999</u>	<u>\$ 1,923,984</u>	<u>\$ (254,015)</u>
Total revenue from the Commonwealth	<u>\$ 2,975,453</u>	<u>\$ 3,190,577</u>	<u>\$ 2,986,421</u>	<u>\$ (204,156)</u>
Revenue from the Federal Government:				
Categorical aid:				
Homeland security grant	\$ -	\$ -	\$ 5,360	\$ 5,360
HAVA grant	-	-	961	961
Criminal justice grant	-	21,540	-	(21,540)
Public assistance and welfare	606,615	668,401	607,637	(60,764)
OJP technology grant	-	24,665	24,665	-
Highway safety grant	-	11,616	11,616	-
Law enforcement terror prevention grant	-	18,262	20,439	2,177
Total categorical aid	<u>\$ 606,615</u>	<u>\$ 744,484</u>	<u>\$ 670,678</u>	<u>\$ (73,806)</u>
Total revenue from the Federal Government	<u>\$ 606,615</u>	<u>\$ 744,484</u>	<u>\$ 670,678</u>	<u>\$ (73,806)</u>
Total General Fund	<u>\$ 11,366,103</u>	<u>\$ 11,862,556</u>	<u>\$ 11,735,532</u>	<u>\$ (127,024)</u>

Governmental Funds -  
Statement of Revenues - Budget and Actual  
Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 109,600	\$ 109,600
Miscellaneous revenue:				
Landfill host agreement fees	-	-	500,000	500,000
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,600</u>	<u>\$ 609,600</u>
Revenue from the Commonwealth:				
Categorical aid:				
Water assistance grant	\$ -	\$ -	\$ 156,485	\$ 156,485
DEQ water grant	-	-	278,523	278,523
Tobacco indemnification and revitalization grant	-	-	108,483	108,483
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,491</u>	<u>\$ 543,491</u>
Revenue from the Federal Government:				
Categorical aid:				
Rural development grant	\$ -	\$ -	\$ 994,732	\$ 994,732
EPA grant	-	-	27,200	27,200
Tea 21 grant	-	-	81,875	81,875
Total revenue from the Federal Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103,807</u>	<u>\$ 1,103,807</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,256,898</u>	<u>\$ 2,256,898</u>
Grand Total Revenues -- Primary Government	<u>\$ 11,366,103</u>	<u>\$ 11,862,556</u>	<u>\$ 13,992,430</u>	<u>\$ 2,129,874</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	\$ -	\$ -	\$ 56,232	\$ 56,232
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,232</u>	<u>\$ 56,232</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 311,111	\$ 310,443	\$ (668)
Total miscellaneous	<u>\$ -</u>	<u>\$ 311,111</u>	<u>\$ 310,443</u>	<u>\$ (668)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 311,111</u>	<u>\$ 366,675</u>	<u>\$ 55,564</u>
Intergovernmental revenue:				
County contribution to School Board	<u>\$ 3,969,700</u>	<u>\$ 5,594,135</u>	<u>\$ 5,337,702</u>	<u>\$ (256,433)</u>

Governmental Funds and Discretely Presented Component Units  
Statement of Revenues -- Budget and Actual  
Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ -	\$ -	\$ 1,390,734	\$ 1,390,734
Basic school aid	-	-	4,731,433	4,731,433
Reduced K-3	-	-	190,554	190,554
Special ed SOQ	-	-	427,275	427,275
Remedial education	-	-	181,238	181,238
Technology	-	-	128,000	128,000
Lottery	-	-	234,708	234,708
School construction	-	-	120,600	120,600
Social security	-	-	238,950	238,950
Teacher retirement	-	-	302,738	302,738
At risk	-	-	227,347	227,347
At risk four year olds	-	-	187,237	187,237
Project graduation	-	-	156,384	156,384
Remedial summer school	-	-	122,979	122,979
Other state funds	<u>8,815,159</u>	<u>9,636,336</u>	<u>524,098</u>	<u>(9,112,238)</u>
Total categorical aid	<u>\$ 8,815,159</u>	<u>\$ 9,636,336</u>	<u>\$ 9,164,275</u>	<u>\$ (472,061)</u>
Total revenue from the Commonwealth	<u>\$ 8,815,159</u>	<u>\$ 9,636,336</u>	<u>\$ 9,164,275</u>	<u>\$ (472,061)</u>
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ -	\$ -	\$ 167,461	\$ 167,461
Title I	-	-	467,098	467,098
Title VI-B -- Special Education	-	-	336,825	336,825
School renovation	-	-	87,946	87,946
Drug free schools	-	-	11,631	11,631
Vocational education	-	-	66,246	66,246
ROTC	-	-	61,208	61,208
Preschool	-	-	7,275	7,275
Title II - teacher quality	-	-	181,014	181,014
School reform	-	-	80,861	80,861
Learn and service america	-	-	30,000	30,000
Reading first	-	-	185,941	185,941
21st century grant	-	-	269,702	269,702
Literacy challenge	-	-	600,076	600,076
Gear up grant	-	-	14,300	14,300
Other federal funds	<u>2,274,425</u>	<u>2,595,620</u>	<u>1,119</u>	<u>(2,594,501)</u>
Total categorical aid	<u>\$ 2,274,425</u>	<u>\$ 2,595,620</u>	<u>\$ 2,568,703</u>	<u>\$ (26,917)</u>
Total revenue from the federal government	<u>\$ 2,274,425</u>	<u>\$ 2,595,620</u>	<u>\$ 2,568,703</u>	<u>\$ (26,917)</u>
Total School Operating Fund	<u>\$ 15,059,284</u>	<u>\$ 18,137,202</u>	<u>\$ 17,437,355</u>	<u>\$ (699,847)</u>

Governmental Funds and Discretely Presented Component Units  
Statement of Revenues -- Budget and Actual  
Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 145	\$ 145
Total revenue from use of money and property	\$ -	\$ -	\$ 145	\$ 145
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 273,437	\$ 273,437
Total charges for services	\$ -	\$ -	\$ 273,437	\$ 273,437
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 71,089	\$ 71,089
Total miscellaneous	\$ -	\$ -	\$ 71,089	\$ 71,089
Total revenue from local sources	\$ -	\$ -	\$ 344,671	\$ 344,671
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ -	\$ -	\$ 10,477	\$ 10,477
Revenue from the federal government:				
Categorical aid:				
School food	\$ -	\$ -	\$ 410,892	\$ 410,892
Total School Cafeteria Fund	\$ -	\$ -	\$ 766,040	\$ 766,040
Grand Total Revenues -- Component Unit -- School Board	\$ 15,059,284	\$ 18,137,202	\$ 18,203,395	\$ 66,193
Grand Total Revenues -- Reporting Entity	\$ 26,425,387	\$ 29,999,758	\$ 32,195,825	\$ 2,196,067

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2007

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 98,362	\$ 101,402	\$ 113,737	\$ (12,335)
General and financial administration:				
County administrator	\$ 155,616	\$ 155,696	\$ 155,759	\$ (63)
Legal services	75,000	266,850	274,162	(7,312)
Independent Auditor	22,700	28,726	28,725	1
Commissioner of the revenue	214,052	204,022	204,017	5
Assessor	-	570	569	1
Equalization board	-	120	120	-
License bureau	1,860	2,435	2,434	1
Treasurer	251,830	253,651	254,367	(716)
Accounting	130,249	138,559	138,018	541
Grant writing/Administration	38,822	19,122	19,145	(23)
Data Processing	139,060	121,770	119,834	1,936
Total general and financial administration	\$ 1,029,189	\$ 1,191,521	\$ 1,197,150	\$ (5,629)
Board of Elections:				
Electoral board and officials	\$ 17,082	\$ 9,862	\$ 8,591	\$ 1,271
Registrar	71,061	66,811	66,800	11
Total board of elections	\$ 88,143	\$ 76,673	\$ 75,391	\$ 1,282
Total general government administration	\$ 1,215,694	\$ 1,369,596	\$ 1,386,278	\$ (16,682)
Judicial administration:				
Courts:				
Circuit court	\$ 15,310	\$ 12,990	\$ 12,817	\$ 173
General district court	4,845	3,585	3,598	(13)
Special magistrates	6,998	5,888	5,888	-
Law library	-	3,755	3,771	(16)
Clerk of the circuit court	195,065	202,648	198,107	4,541
Total courts	\$ 222,218	\$ 228,866	\$ 224,181	\$ 4,685
Commonwealth's attorney:				
Commonwealth's attorney	\$ 100,178	\$ 86,578	\$ 86,808	\$ (230)
Total judicial administration	\$ 322,396	\$ 315,444	\$ 310,989	\$ 4,455

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2007

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,094,924	\$ 1,329,489	\$ 1,272,952	\$ 56,537
School resource officer	42,673	39,173	39,163	10
Total law enforcement and traffic control	<u>\$ 1,137,597</u>	<u>\$ 1,368,662</u>	<u>\$ 1,312,115</u>	<u>\$ 56,547</u>
Fire and rescue services:				
Volunteer fire department	\$ 68,500	\$ 108,804	\$ 108,804	\$ -
Ambulance and rescue service	75,075	82,855	82,855	-
E-911	86,839	114,845	112,116	2,729
Emergency services	15,000	9,540	19,623	(10,083)
Forestry service	5,814	5,814	5,814	-
Total fire and rescue services	<u>\$ 251,228</u>	<u>\$ 321,858</u>	<u>\$ 329,212</u>	<u>\$ (7,354)</u>
Correction and detention:				
Sheriff	\$ 25,000	\$ 25,960	\$ 34,973	\$ (9,013)
Probation office	5,186	1,451	1,245	206
Total correction and detention	<u>\$ 30,186</u>	<u>\$ 27,411</u>	<u>\$ 36,218</u>	<u>\$ (8,807)</u>
Inspections:				
Building	\$ 89,453	\$ 81,923	\$ 82,455	\$ (532)
Total inspections	<u>\$ 89,453</u>	<u>\$ 81,923</u>	<u>\$ 82,455</u>	<u>\$ (532)</u>
Other protection:				
Animal control	\$ 116,439	\$ 112,669	\$ 113,245	\$ (576)
Randolph community center	46,247	73,399	73,399	-
Medical examiner (coroner)	200	40	40	-
Total other protection	<u>\$ 162,886</u>	<u>\$ 186,108</u>	<u>\$ 186,684</u>	<u>\$ (576)</u>
Total public safety	<u>\$ 1,671,350</u>	<u>\$ 1,985,962</u>	<u>\$ 1,946,684</u>	<u>\$ 39,278</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 453,281	\$ 567,812	\$ 592,043	\$ (24,231)
Litter grant	5,143	-	-	-
Recycling	29,000	34,664	34,656	8
Total sanitation and waste removal	<u>\$ 487,424</u>	<u>\$ 602,476</u>	<u>\$ 626,699</u>	<u>\$ (24,223)</u>

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2007

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 468,065	\$ 511,877	\$ 490,307	\$ 21,570
Total maintenance of general buildings and grounds	\$ 468,065	\$ 511,877	\$ 490,307	\$ 21,570
Total public works	\$ 955,489	\$ 1,114,353	\$ 1,117,006	\$ (2,653)
Health and welfare:				
Health:				
Supplement of local health department	\$ 88,682	\$ 84,202	\$ 84,202	\$ -
Hospital and other health organizations	2,460	8,422	8,422	-
Total health	\$ 91,142	\$ 92,624	\$ 92,624	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
Hospitalization - inpatient	1,149	929	927	2
Total mental health and mental retardation	\$ 29,149	\$ 28,929	\$ 28,927	\$ 2
Welfare:				
Welfare administration & public assistance	\$ 1,141,335	\$ 1,217,890	\$ 1,102,909	\$ 114,981
CSA - at risk youth	1,235,500	1,255,673	1,043,417	212,256
Total welfare	\$ 2,376,835	\$ 2,473,563	\$ 2,146,326	\$ 327,237
Total health and welfare	\$ 2,497,126	\$ 2,595,116	\$ 2,267,877	\$ 327,239
Education:				
Contributions to community colleges	\$ 2,286	\$ 2,286	\$ 2,286	\$ -
Contributions to school board component unit	3,969,700	5,594,135	5,337,702	256,433
Total education	\$ 3,971,986	\$ 5,596,421	\$ 5,339,988	\$ 256,433
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 61,222	\$ 54,306	\$ 54,556	\$ (250)
Library:				
Local library	\$ 107,817	\$ 107,817	\$ 107,817	\$ -
Tri-county life learners	2,500	2,500	2,500	-
Total parks, recreation and cultural	\$ 171,539	\$ 164,623	\$ 164,873	\$ (250)

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2007

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	\$ 136,665	\$ 125,425	\$ 124,799	\$ 626
Economic development	131,080	126,222	127,746	(1,524)
Other community development	118,750	110,620	110,783	(163)
Total planning and community development	<u>\$ 386,495</u>	<u>\$ 362,267</u>	<u>\$ 363,328</u>	<u>\$ (1,061)</u>
Environmental management:				
Cooperative extension program	\$ 40,500	\$ 38,630	\$ 38,798	\$ (168)
Soil and water conservation district	6,159	6,159	6,159	-
Total environmental management	<u>\$ 46,659</u>	<u>\$ 44,789</u>	<u>\$ 44,957</u>	<u>\$ (168)</u>
Total community development	<u>\$ 433,154</u>	<u>\$ 407,056</u>	<u>\$ 408,285</u>	<u>\$ (1,229)</u>
Nondepartmental:				
Miscellaneous	\$ 56,000	\$ 6,001	\$ 46,002	\$ (40,001)
Total nondepartmental	<u>\$ 56,000</u>	<u>\$ 6,001</u>	<u>\$ 46,002</u>	<u>\$ (40,001)</u>
Debt service: county				
Principal retirement	\$ 72,003	\$ 72,003	\$ 72,003	\$ -
Interest and fiscal charges	157,332	157,332	158,490	(1,158)
Total county debt service	<u>\$ 229,335</u>	<u>\$ 229,335</u>	<u>\$ 230,493</u>	<u>\$ (1,158)</u>
Debt service: schools				
Principal retirement	\$ 429,167	\$ 429,167	\$ 497,164	\$ (67,997)
Interest and fiscal charges	309,749	309,749	408,993	(99,244)
Total schools debt service	<u>\$ 738,916</u>	<u>\$ 738,916</u>	<u>\$ 906,157</u>	<u>\$ (167,241)</u>
Total debt service	<u>\$ 968,251</u>	<u>\$ 968,251</u>	<u>\$ 1,136,650</u>	<u>\$ (168,399)</u>
Total General Fund	<u>\$ 12,262,985</u>	<u>\$ 14,522,823</u>	<u>\$ 14,124,632</u>	<u>\$ 398,191</u>
County Capital Projects Fund:				
Capital outlay / projects:				
General government	\$ 73,200	\$ 73,200	\$ 91,154	\$ (17,954)
Judicial administration	179,000	179,997	166,409	13,588
Public safety	749,760	679,288	870,306	(191,018)
Public works	11,000	11,000	48,464	(37,464)
Health and welfare	10,000	10,000	-	10,000
Education	-	-	52,256	(52,256)
Parks and recreation	4,000	4,000	14,974	(10,974)
Community Development	275,000	275,000	-	275,000
Total capital outlay / projects	<u>\$ 1,301,960</u>	<u>\$ 1,232,485</u>	<u>\$ 1,243,563</u>	<u>\$ (11,078)</u>

Governmental Funds -  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2007

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
County Capital Projects Fund: (Continued)				
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 181,289	\$ (181,289)
Total County Capital Projects Fund	<u>\$ 1,301,960</u>	<u>\$ 1,232,485</u>	<u>\$ 1,424,852</u>	<u>\$ (192,367)</u>
School Capital Projects Fund:				
Capital outlay / projects:				
Education	\$ -	\$ 4,239,395	\$ 5,698,976	\$ (1,459,581)
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 4,239,395</u>	<u>\$ 5,698,976</u>	<u>\$ (1,459,581)</u>
Grand Total Expenditures -- Primary Government	<u>\$ 13,564,945</u>	<u>\$ 19,994,703</u>	<u>\$ 21,248,460</u>	<u>\$ (1,253,757)</u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 15,059,284	\$ 18,137,202	\$ 11,434,349	\$ 6,702,853
Administration, attendance and health	-	-	1,059,476	(1,059,476)
Pupil transportation services	-	-	1,115,544	(1,115,544)
Operation and maintenance services	-	-	2,302,676	(2,302,676)
Facilities	-	-	650,000	(650,000)
Technology	-	-	813,900	(813,900)
Total education	<u>\$ 15,059,284</u>	<u>\$ 18,137,202</u>	<u>\$ 17,375,945</u>	<u>\$ 761,257</u>
Total School Operating Fund	<u>\$ 15,059,284</u>	<u>\$ 18,137,202</u>	<u>\$ 17,375,945</u>	<u>\$ 761,257</u>
School Cafeteria Fund:				
Education:				
School food services	\$ -	\$ -	\$ 825,121	\$ (825,121)
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,121</u>	<u>\$ (825,121)</u>
Grand Total Expenditures--Component Unit-- School Board	<u>\$ 15,059,284</u>	<u>\$ 18,137,202</u>	<u>\$ 18,201,066</u>	<u>\$ (63,864)</u>
Grand Total Expenditures--Reporting Entity	<u>\$ 28,624,229</u>	<u>\$ 38,131,905</u>	<u>\$ 39,449,526</u>	<u>\$ (1,317,621)</u>

## **Other Statistical Information**

This page intentionally left blank

COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-Wide Expenses by Function  
Last Six Fiscal Years

Fiscal Year	General										Total			
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Capital Outlays	Non-Departmental		Interest on Debt		
2001-02	\$ 875,364	\$ 261,964	\$ 1,085,225	\$ 740,129	\$ 1,298,741	\$ 3,066,011	\$ 76,576	\$ 287,876	\$ 8,655	\$ 9,218	\$ 458,018	\$ 341,108	\$ -	\$ 8,508,885
2002-03	857,155	243,414	1,290,301	1,073,275	1,264,378	3,805,093	80,384	396,735	-	11,076	647,006	308,405	-	9,977,222
2003-04	899,116	362,692	1,477,936	1,091,085	1,689,982	3,386,603	85,220	315,800	-	-	476,705	300,358	-	10,085,497
2004-05	1,096,607	457,036	1,641,665	1,269,984	1,734,952	3,988,063	134,066	339,568	-	-	502,815	305,431	-	11,470,187
2005-06	1,188,315	440,444	1,868,176	1,819,805	2,352,514	5,143,204	137,816	398,233	-	-	482,102	339,978	7,487	14,178,074
2006-07	1,555,835	555,793	2,146,137	1,065,558	2,294,192	4,378,988	182,374	407,700	-	-	629,286	354,830	156,332	13,727,025

COUNTY OF CUMBERLAND, VIRGINIA

Table 2

Government-Wide Revenues  
Last Six Fiscal Years

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property		Charges for Services	Miscellaneous	Inter-governmental	Recovered Costs	Total
	General Property Taxes	Other Local Taxes	Revenues from the Use of Money & Property	Charges for Services									
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			
2006-07	6,325,766	1,296,960	102,542	50,642	321,055	317,769	966,950	17,458,744	-	26,840,428			

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

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

Fiscal Year	General Administration		Judicial Administration		Public Safety		Public Works		Health and Welfare		Education		Recreation and Cultural		Community Development		Debt Service		Total	
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
2006-07		1,477,432		477,398		2,816,990		1,165,470		2,267,877		23,954,584		179,847		408,285		1,317,939		34,065,822

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 5

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total (1,4)		Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding (1,3,4) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
	Tax Levy	Tax (1) Collections			Tax (2) Collections	Total Tax Collections		Percent of Total Tax Collections to Tax Levy			
1997-98	\$ 3,357,032	\$ 3,080,809	\$ 280,065	91.77%	\$ 280,065	\$ 3,360,874	100.11%	\$ 394,704	11.76%		
1998-99	4,108,207	3,801,022	195,820	92.52%	195,820	3,996,842	97.29%	440,976	10.73%		
1999-00	4,209,332	3,942,612	211,867	93.66%	211,867	4,154,479	98.70%	446,747	10.61%		
2000-01	5,543,755	5,189,311	233,617	93.61%	233,617	5,422,928	97.82%	549,859	9.92%		
2001-02	5,655,957	5,293,549	286,822	93.59%	286,822	5,580,371	98.66%	552,055	9.76%		
2002-03	6,225,778	5,781,074	307,764	92.86%	307,764	6,088,838	97.80%	628,682	10.10%		
2003-04	6,369,476	6,047,839	301,799	94.95%	301,799	6,349,638	99.69%	589,652	9.26%		
2004-05	6,404,029	6,134,815	388,838	95.80%	388,838	6,523,653	101.87%	557,064	8.70%		
2005-06	6,873,966	6,770,742	305,845	98.50%	305,845	7,076,587	102.95%	674,323	9.81%		
2006-07	7,230,249	6,786,714	226,342	93.87%	226,342	7,013,056	97.00%	771,727	10.67%		

(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.

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Airplane	Machinery & Tools	Total
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
2006-07	716,805,203	55,903,746	8,430,631	56,383,503	1,772,700	2,014,328	841,310,111

Property Tax Rates  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
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
2006-07	0.59/0.59	4.50	0.59/0.59	0.50	4.50

COUNTY OF CUMBERLAND, VIRGINIA

Table 7

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
					Value	Value	
1997-98	7,825	410,370,920	10,101,053	10,101,053	0.0246	0.0246	1,291
1998-99	7,825	482,732,298	9,856,886	9,856,886	0.0204	0.0204	1,260
1999-00	7,825	491,167,124	9,482,719	9,482,719	0.0051	0.0051	1,212
2000-01	9,017	503,881,883	9,103,552	9,103,552	0.0052	0.0052	1,010
2001-02	9,017	512,577,074	12,564,385	12,564,385	0.0245	0.0245	1,393
2002-03	9,017	585,580,349	12,170,218	12,170,218	0.0208	0.0208	1,350
2003-04	9,017	594,767,142	11,771,051	11,771,051	0.0198	0.0198	1,305
2004-05	9,017	599,649,880	11,236,884	11,236,884	0.0187	0.0187	1,246
2005-06	9,017	722,794,565	10,687,717	10,687,717	0.0148	0.0148	1,185
2006-07	9,017	841,310,111	10,118,550	10,118,550	0.0120	0.0120	1,122

(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.

This page intentionally left blank

## **Compliance**

This page intentionally left blank

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the County of Cumberland, Virginia's basic financial statements and have issued our report thereon dated January 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

*Robinson, Farmer, & Associates*

Charlottesville, Virginia  
January 31, 2008

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

---

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

---

To The Honorable Members of Board of Supervisors  
County of Cumberland  
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, 2007. The County of Cumberland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Cumberland, Virginia's management. Our responsibility is to express an opinion on the County of Cumberland, Virginia's compliance based on our audit.

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

In our opinion, the County of Cumberland, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

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

*Internal Control Over Compliance (Continued)*

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

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

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

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

*Robinson, Farmer, & Associates*

Charlottesville, Virginia  
January 31, 2008

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2007

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
<b>Primary Government:</b>		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Social Services:		
State administration matching grants for food stamp program	10.561	\$ 102,852
Rural Development:		
FmHA water and waste disposal	10.760	994,732
Total Department of Agriculture		\$ 1,097,584
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>		
<u>Pass through payments:</u>		
Virginia Department of Health:		
Drinking water grant	66.606	\$ 27,200
<u>ELECTION ASSISTANCE COMMISSION:</u>		
<u>Pass through payments:</u>		
Virginia Election Commission:		
Help America vote act	90.401	\$ 961
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass through payments:</u>		
Virginia Department of Transportation:		
State and community highway safety program	20.607	\$ 11,616
TEA21 - Transit planning and research grant	20.514	81,875
Total Department of Transportation		\$ 93,491
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Pass through payments:</u>		
State homeland security grant program	97.004	\$ 25,799
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services:		
Family preservation and support	93.556	\$ 15,893
Temporary assistance to needy families	93.558	99,719
Refugee and entrant assistance	93.566	1,822
Low income home energy assistance	93.568	10,610
Payment for child care assistance	93.575	33,745
Child care and development	93.596	46,936
Independent living	93.599	95
Child welfare services	93.645	22
Foster care Title IV - E	93.658	90,665
Adoption assistance	93.659	14,146
Social services block grant	93.667	93,900
Independent living	93.674	613
State children's insurance program	93.767	186
Statewide fraud program	93.775	5,476
Medical assistance	93.778	90,957
Total Department of Health and Human Services		\$ 504,785
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Pass through payments:</u>		
Department of Criminal Justice Services:		
OJP technology grant	16.710	\$ 24,665
Total Primary Government		\$ 1,774,485

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2007 (Continued)

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
<b>Component Unit - School Board:</b>		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 32,323
Department of Education:		
National school breakfast program	10.553	104,404
National school lunch program	10.555	306,488
		<u>443,215</u>
Total Department of Agriculture		\$ <u>443,215</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	467,098
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	337,831
Vocational Education:		
Basic grants to states (3E001311)	84.048	66,796
Adult literacy services	84.002	167,461
Special Projects:		
Drug Free Schools	84.186	11,631
Preschool handicap	84.173	7,275
Title II- Part A - Improving Teacher Quality	84.367	181,014
21st century grant	84.287	269,702
School renovation grants	84.352	86,940
Comprehensive school reform	84.332	80,861
Gear up grant	84.000	14,300
Literacy Challenge	84.318	600,076
Reading first	84.357	185,941
Project hope	84.000	569
		<u>2,507,495</u>
Total Department of Education		\$ <u>2,507,495</u>
<u>DEPARTMENT OF LABOR:</u>		
<u>Direct payments:</u>		
Jr. ROTC payments	17.000	\$ 61,208
		<u>61,208</u>
Total Component Unit School Board		\$ <u>3,011,918</u>
		<u>4,786,403</u>
Total Federal Assistance		\$ <u>4,786,403</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

---

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	\$ 670,678
Capital Projects Fund	<u>1,103,807</u>
Total primary government	<u>\$ 1,774,485</u>

Component Unit Public Schools:

School Operating Fund	\$ 2,568,703
School Cafeteria Fund	<u>410,892</u>
Total component unit public schools	<u>\$ 2,979,595</u>

Total federal expenditures per basic financial statements	<u>\$ 4,754,080</u>
---	---------------------

Non-cash expenditures - value of donated commodities	<u>\$ 32,323</u>
--	------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,786,403</u></u>
---	----------------------------

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

---

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

**Financial Statements**

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

**Federal Awards**

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.760	FmHA Water and Waste Disposal
84.318	Literacy challenge

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.