

COUNTY *of*
CUMBERLAND
VIRGINIA

F O U N D E D • 1 7 4 9

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008

County of Cumberland, Virginia

Financial Report

Year Ended June 30, 2008

County of Cumberland, Virginia

Financial Report
June 30, 2008

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Doris Seal, Chairman

Dr. Christine Ross
Ginger Sanderson

George Lee Dowdy
George Reid, Jr.

OTHER OFFICIALS

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

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

COUNTY OF CUMBERLAND, VIRGINIA

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Year Ended June 30, 2008

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Cumberland, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of June 30, 2008, 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 12, 2009 on our consideration of the County of Cumberland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 12, 2009

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, 2008.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$11,517,136 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing (uses) in excess of revenues by \$7,838,764 (Exhibit 4). Contributions to the School Board totaled \$5,110,363 for the current fiscal year.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$5,112,435 a decrease of \$7,838,764 in comparison with the prior year.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$3,698,630 or 28% of total general fund expenditures.
- Our combined long-term obligations increased \$14,699,515 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 \$11,517,136 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 8,639,981	\$ 15,478,780	\$ 571,197	\$ 440,109	\$ 9,211,178	\$ 15,918,889
Capital assets	<u>39,697,876</u>	<u>17,979,627</u>	<u>8,578,692</u>	<u>8,853,422</u>	<u>48,276,568</u>	<u>26,833,049</u>
Total assets	<u>\$ 48,337,857</u>	<u>\$ 33,458,407</u>	<u>\$ 9,149,889</u>	<u>\$ 9,293,531</u>	<u>\$ 57,487,746</u>	<u>\$ 42,751,938</u>
Long-term liabilities outstanding	\$ 21,212,197	\$ 10,161,976	\$ 1,589,432	\$ 1,620,596	\$ 22,801,629	\$ 11,782,572
Current liabilities	<u>23,125,793</u>	<u>18,746,770</u>	<u>43,188</u>	<u>48,063</u>	<u>23,168,981</u>	<u>18,794,833</u>
Total liabilities	<u>\$ 44,337,990</u>	<u>\$ 28,908,746</u>	<u>\$ 1,632,620</u>	<u>\$ 1,668,659</u>	<u>\$ 45,970,610</u>	<u>\$ 30,577,405</u>
Net assets:						
Invested in capital , assets net of related debt	\$ 1,852,235	\$ -396,191	\$ 6,957,130	\$ 7,200,674	\$ 8,809,365	\$ 6,804,483
Restricted	706,601	714,078	-	-	706,601	714,078
Unrestricted	<u>1,441,031</u>	<u>4,231,774</u>	<u>560,139</u>	<u>424,198</u>	<u>2,001,170</u>	<u>4,655,972</u>
Total net assets	<u>\$ 3,999,867</u>	<u>\$ 4,549,661</u>	<u>\$ 7,517,269</u>	<u>\$ 7,624,872</u>	<u>\$ 11,517,136</u>	<u>\$ 12,174,533</u>

The County’s net assets decreased \$657,397 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, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 500,159	\$ 197,516	\$ 441,026	\$ 327,992	\$ 941,185	\$ 525,508
Operating grants and contributions	2,847,017	2,643,613	-	-	2,847,017	2,643,613
Capital grants and contributions	3,575,280	1,647,298	-	-	3,575,280	1,647,298
General revenues:						
General property taxes	6,671,011	6,727,441	-	-	6,671,011	6,727,441
Other local taxes	1,370,255	1,296,960	-	-	1,370,255	1,296,960
Grants and other contributions not restricted	987,713	1,013,486	-	-	987,713	1,013,486
Other general revenues	591,902	867,791	18,362	17,312	610,264	885,103
Total revenues	\$ 16,543,337	\$ 14,394,105	\$ 459,388	\$ 345,304	\$ 17,002,725	\$ 14,739,409
Expenses:						
General government administration						
General government administration	\$ 1,422,017	\$ 1,555,835	-	-	\$ 1,422,017	\$ 1,555,835
Judicial administration	440,064	555,793	-	-	440,064	555,793
Public safety	2,500,174	2,146,137	-	-	2,500,174	2,146,137
Public works	1,091,571	1,065,558	-	-	1,091,571	1,065,558
Health and welfare	2,109,789	2,294,192	-	-	2,109,789	2,294,192
Education	6,778,573	4,378,988	-	-	6,778,573	4,378,988
Parks, recreation, and cultural	187,871	182,374	-	-	187,871	182,374
Community development	1,337,794	407,700	-	-	1,337,794	407,700
Interest and other fiscal charges	1,099,526	629,286	-	-	1,099,526	629,286
Sewer	-	-	472,481	354,830	472,481	354,830
Water	-	-	220,262	156,332	220,262	156,332
Total expenses	\$ 16,967,379	\$ 13,215,863	\$ 692,743	\$ 511,162	\$ 17,660,122	\$ 13,727,025
Increase(decrease) in net assets before transfers	\$ (424,042)	\$ 1,178,242	\$ (233,355)	\$ (165,858)	\$ (657,397)	\$ 1,012,384
Transfers	(125,752)	(1,586,207)	125,752	1,586,207	-	-
Change in net assets	\$ (549,794)	\$ (407,965)	\$ (107,603)	\$ 1,420,349	\$ (657,397)	\$ 1,012,384
Net assets, July 1, 2007	4,549,661	4,957,626	7,624,872	6,204,523	12,174,533	11,162,149
Net assets, June 30, 2008	\$ 3,999,867	\$ 4,549,661	\$ 7,517,269	\$ 7,624,872	\$ 11,517,136	\$ 12,174,533

Overview of the Financial Statements: (Continued)

Government-wide Financial Analysis: (Continued)

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$5,112,435, a decrease of \$7,838,764 in comparison with the prior year. Approximately 79% 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 \$866,030 and can be briefly summarized as follows:

- \$593,115 in increases for public safety
- \$168,806 in increases for health and welfare
- \$116,893 in increases for public works
- \$12,784 in net increases (decreases) for other functions

Of this increase, \$650,085 was to be funded from state and federal revenues. The remaining \$155,239 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, 2008 totals \$48,276,568 (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 and has incurred costs totaling \$29,352,731 at June 30, 2008. This is by far the largest construction project in the County's history.

Capital Asset and Debt Administration: (Continued)

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

Long-term debt—At the end of the current fiscal year, the County had total bonded debt outstanding of \$42,212,280. Of this amount \$40,591,685 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 \$24,965,646 during the current fiscal year. This debt was issued to provide funding for the construction of the new high/middle school.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County was 4.7 percent in November 2008, which is a increase from the rate of 2.9 percent a year ago. This compares unfavorably to the state's average unemployment rate of 4.2 percent and favorably to the national rate of 6.0 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 2009 fiscal year.

The fiscal year 2009 General Fund's budget increased from \$11,200,995 to \$13,361,214. The increase is due to the school debt service and to 24/7 public safety protection. Tax rates remained the same.

Requests for Information

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

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
At June 30, 2008

	Primary Government			Component Units	
	Govern- mental Activities	Business Type Activities	Total	School Board	IDA
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 5,754,643	\$ 538,415	\$ 6,293,058	\$ 709,768	\$ -
Restricted assets	706,601	-	706,601	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	917,073	-	917,073	-	-
Accounts receivable	55,410	25,283	80,693	-	-
Notes receivable	-	-	-	-	311,111
Due from component units	627,897	-	627,897	-	-
Due from other governments	508,357	-	508,357	394,289	-
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	<u>\$ 8,639,981</u>	<u>\$ 493,698</u>	<u>\$ 9,133,679</u>	<u>\$ 1,104,057</u>	<u>\$ 311,111</u>
Noncurrent Assets:					
Capital assets:					
Land	\$ 142,089	\$ 22,458	\$ 164,547	\$ 275,687	\$ -
Construction in progress	28,722,279	-	28,722,279	2,731,556	-
Buildings and equipment, net of depreciation	10,754,457	8,556,234	19,310,691	4,279,239	-
Total Noncurrent Assets	<u>\$ 39,618,825</u>	<u>\$ 8,578,692</u>	<u>\$ 48,197,517</u>	<u>\$ 7,286,482</u>	<u>\$ -</u>
Total Assets	<u>\$ 48,258,806</u>	<u>\$ 9,072,390</u>	<u>\$ 57,331,196</u>	<u>\$ 8,390,539</u>	<u>\$ 311,111</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 2,740,925	\$ 11,058	\$ 2,751,983	\$ 711,754	\$ -
Due to primary government	-	-	-	316,786	311,111
Unearned revenue	87,464	-	87,464	-	-
Accrued interest payable	249,491	-	249,491	-	-
Current portion of long-term obligations	20,047,913	32,130	20,080,043	137,100	-
Total Current Liabilities	<u>\$ 23,125,793</u>	<u>\$ 43,188</u>	<u>\$ 23,168,981</u>	<u>\$ 1,165,640</u>	<u>\$ 311,111</u>
Noncurrent Liabilities:					
Noncurrent portion of long-term obligations	21,212,197	1,589,432	22,801,629	1,787,440	-
Total Liabilities	<u>\$ 44,337,990</u>	<u>\$ 1,632,620</u>	<u>\$ 45,970,610</u>	<u>\$ 2,953,080</u>	<u>\$ 311,111</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 1,773,184	\$ 6,957,130	\$ 8,730,314	\$ 5,737,820	\$ -
Restricted for:					
Debt Service	706,601	-	706,601	-	-
Unrestricted assets	1,441,031	482,640	1,923,671	(300,361)	-
Total Net Assets	<u>\$ 3,920,816</u>	<u>\$ 7,439,770</u>	<u>\$ 11,360,586</u>	<u>\$ 5,437,459</u>	<u>\$ -</u>
Total Liabilities and Net Assets	<u>\$ 48,258,806</u>	<u>\$ 9,072,390</u>	<u>\$ 57,331,196</u>	<u>\$ 8,390,539</u>	<u>\$ 311,111</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, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,438,611	\$ 2,100	\$ 223,016	\$ -
Judicial administration	440,064	75,037	206,493	-
Public safety	2,516,490	65,352	1,054,876	-
Public works	1,136,599	354,600	10,810	141,148
Health and welfare	2,109,789	-	1,325,406	-
Education	6,778,573	-	-	3,359,438
Parks, recreation, and cultural	188,984	-	-	-
Community development	1,337,794	3,070	26,416	74,694
Interest on long-term debt	1,099,526	-	-	-
Total governmental activities	<u>\$ 17,046,430</u>	<u>\$ 500,159</u>	<u>\$ 2,847,017</u>	<u>\$ 3,575,280</u>
Business type activities:				
Sewer	\$ 472,481	\$ 195,160	\$ -	\$ -
Water	220,262	168,367	-	-
Total business-type activities	<u>\$ 692,743</u>	<u>\$ 363,527</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 17,739,173</u>	<u>\$ 863,686</u>	<u>\$ 2,847,017</u>	<u>\$ 3,575,280</u>
COMPONENT UNITS:				
School Board	\$ 16,646,970	\$ 215,596	\$ 11,626,403	\$ -
IDA	14,931	-	-	-
Total component units	<u>\$ 16,661,901</u>	<u>\$ 215,596</u>	<u>\$ 11,626,403</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Communication taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
E-911 taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
IDA contribution to County				
County contribution to School Board				
Transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Changes in Net Assets					
Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business Type Activities	Total	School Board	IDA	
\$ (1,213,495)	\$ -	\$ (1,213,495)	\$ -	\$ -	
(158,534)	-	(158,534)	-	-	
(1,396,262)	-	(1,396,262)	-	-	
(630,041)	-	(630,041)	-	-	
(784,383)	-	(784,383)	-	-	
(3,419,135)	-	(3,419,135)	-	-	
(188,984)	-	(188,984)	-	-	
(1,233,614)	-	(1,233,614)	-	-	
(1,099,526)	-	(1,099,526)	-	-	
<u>\$ (10,123,974)</u>	<u>\$ -</u>	<u>\$ (10,123,974)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (277,321)	\$ (277,321)	\$ -	\$ -	
-	(51,895)	(51,895)	-	-	
<u>\$ -</u>	<u>\$ (329,216)</u>	<u>\$ (329,216)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (10,123,974)</u>	<u>\$ (329,216)</u>	<u>\$ (10,453,190)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,804,971)	\$ -	
-	-	-	-	(14,931)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,804,971)</u>	<u>\$ (14,931)</u>	
\$ 6,671,011	\$ -	\$ 6,671,011	\$ -	\$ -	
361,739	-	361,739	-	-	
358,352	-	358,352	-	-	
238,526	-	238,526	-	-	
161,568	-	161,568	-	-	
128,265	-	128,265	-	-	
9,618	-	9,618	-	-	
112,187	-	112,187	-	-	
544,407	18,362	562,769	25,071	14,931	
32,565	-	32,565	288,088	-	
987,713	-	987,713	-	-	
14,930	-	14,930	-	-	
-	-	-	6,591,658	-	
(125,752)	125,752	-	-	-	
<u>\$ (628,845)</u>	<u>\$ (185,102)</u>	<u>\$ (813,947)</u>	<u>\$ 2,099,846</u>	<u>\$ -</u>	
4,549,661	7,624,872	12,174,533	3,337,613	-	
<u>\$ 3,920,816</u>	<u>\$ 7,439,770</u>	<u>\$ 11,360,586</u>	<u>\$ 5,437,459</u>	<u>\$ -</u>	

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2008

ASSETS	General	County Capital Projects	School Capital Projects	Total Governmental Funds
Cash and cash equivalents	\$ 2,738,283	\$ 381,712	\$ 2,634,648	\$ 5,754,643
Restricted assets	706,601	-	-	706,601
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties	917,073	-	-	917,073
Accounts	55,410	-	-	55,410
Due from component units	627,897	-	-	627,897
Due from other funds	70,000	-	-	70,000
Due from other governmental units	463,780	44,577	-	508,357
Total	<u>\$ 5,579,044</u>	<u>\$ 426,289</u>	<u>\$ 2,634,648</u>	<u>\$ 8,639,981</u>
LIABILITIES				
Accounts payable	\$ 76,081	\$ 30,196	\$ 2,634,648	\$ 2,740,925
Deferred revenue	786,621	-	-	786,621
Total liabilities	<u>\$ 862,702</u>	<u>\$ 30,196</u>	<u>\$ 2,634,648</u>	<u>\$ 3,527,546</u>
FUND BALANCES				
Reserved:				
Advance to IDA	\$ 311,111	\$ -	\$ -	\$ 311,111
Unreserved:				
Designated:				
Debt service	706,601	-	-	706,601
Capital projects	-	396,093	-	396,093
Undesignated	3,698,630	-	-	3,698,630
Total fund balances	<u>\$ 4,716,342</u>	<u>\$ 396,093</u>	<u>\$ -</u>	<u>\$ 5,112,435</u>
Total liabilities and fund balances	<u>\$ 5,579,044</u>	<u>\$ 426,289</u>	<u>\$ 2,634,648</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.	\$ 39,618,825
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(249,491)
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.	699,157
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.	(41,260,110)
Net assets of general government activities	<u>\$ 3,920,816</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, 2008

	General	County Capital Projects	School Capital Projects	Total Governmental Funds
Revenues:				
General property taxes	\$ 6,668,218	\$ -	\$ -	\$ 6,668,218
Other local taxes	1,370,255	-	-	1,370,255
Permits, privilege fees and regulatory licenses	70,618	-	-	70,618
Fines and forfeitures	66,921	-	-	66,921
Revenue from use of money and property	145,172	363,962	35,273	544,407
Charges for services	362,620	-	-	362,620
Miscellaneous	32,565	-	-	32,565
Intergovernmental:				
IDA contribution to County	14,930	-	-	14,930
Commonwealth	2,850,316	74,694	3,359,438	6,284,448
Federal	984,414	141,148	-	1,125,562
Total revenues	\$ 12,566,029	\$ 579,804	\$ 3,394,711	\$ 16,540,544
Expenditures:				
Current:				
General government administration	\$ 1,398,773	\$ 15,318	\$ -	\$ 1,414,091
Judicial administration	330,015	17,518	-	347,533
Public safety	2,217,389	1,026,855	-	3,244,244
Public works	1,066,343	94,474	-	1,160,817
Health and welfare	2,098,924	-	-	2,098,924
Education	4,087,177	425,985	23,485,466	27,998,628
Parks, recreation, and cultural	183,317	11,820	-	195,137
Community development	432,852	898,853	-	1,331,705
Nondepartmental	24,085	-	-	24,085
Debt service:				
Principal retirement	579,167	-	-	579,167
Interest and other fiscal charges	446,449	665,078	-	1,111,527
Total expenditures	\$ 12,864,491	\$ 3,155,901	\$ 23,485,466	\$ 39,505,858
Excess (deficiency) of revenues over (under) expenditures	\$ (298,462)	\$ (2,576,097)	\$ (20,090,755)	\$ (22,965,314)
Other financing sources (uses):				
Transfers in	\$ 196,782	\$ 9,844,622	\$ 18,183,161	\$ 28,224,565
Retirement of VACO / VML note	-	(9,713,344)	-	(9,713,344)
Issuance of long-term debt	-	13,345,000	11,620,646	24,965,646
Transfers (out)	(204,870)	(18,432,103)	(9,713,344)	(28,350,317)
Total other financing sources (uses)	\$ (8,088)	\$ (4,955,825)	\$ 20,090,463	\$ 15,126,550
Net change in fund balances	\$ (306,550)	\$ (7,531,922)	\$ (292)	\$ (7,838,764)
Fund balances at beginning of year	5,022,892	7,928,015	292	12,951,199
Fund balances at end of year	\$ 4,716,342	\$ 396,093	\$ -	\$ 5,112,435

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, 2008

		<u>Primary Governmental Funds</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds		\$ (7,838,764)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.</p>		
Capital outlay	\$ 22,703,552	
Depreciation expense	<u>(510,520)</u>	22,193,032
Transfer of joint tenancy assets from Primary Government to the Component Unit		(298,391)
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.		2,793
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:</p>		
Principal retired on note payable and general obligation bonds	\$ 10,048,344	
Issuance of note payable	(24,965,646)	
Principal retired on state literary fund loans	<u>244,167</u>	(14,673,135)
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:		
Change in accrued leave	\$ (26,381)	
Change in interest payable	<u>12,001</u>	<u>(14,380)</u>
Change in net assets of governmental activities		\$ <u><u>(628,845)</u></u>

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

Statement of Net Assets - Proprietary Funds
At June 30, 2008

	Sewer Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 148,500	\$ 389,915	\$ 538,415
Accounts receivable	16,244	9,039	25,283
Total current assets	\$ 164,744	\$ 398,954	\$ 563,698
Noncurrent assets:			
Capital Assets:			
Land	\$ 22,458	\$ -	\$ 22,458
Buildings and equipment, net of depreciation	4,758,528	3,797,706	8,556,234
Total noncurrent assets	\$ 4,780,986	\$ 3,797,706	\$ 8,578,692
Total Assets	\$ 4,945,730	\$ 4,196,660	\$ 9,142,390
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 10,680	\$ 378	\$ 11,058
Due to other funds	70,000	-	70,000
Current portion of long-term obligations	32,130	-	32,130
Total current liabilities	\$ 112,810	\$ 378	\$ 113,188
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	\$ 1,589,432	\$ -	\$ 1,589,432
Total Liabilities	\$ 1,702,242	\$ 378	\$ 1,702,620
Net Assets			
Invested in capital assets, net of related debt	\$ 3,160,391	\$ 3,797,706	\$ 6,957,130
Unrestricted assets	83,097	398,576	482,640
Total Net Assets	\$ 3,243,488	\$ 4,196,282	\$ 7,439,770
Total Liabilities and Net Assets	\$ 4,945,730	\$ 4,196,660	\$ 9,142,390

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

Statement of Revenues, Expenses and Changes in Net Assets -
 Proprietary Funds
 For the Year Ended June 30, 2008

	Sewer Fund	Water Fund	Totals
Operating revenues:			
Charges for services	\$ 195,160	\$ 168,367	\$ 363,527
Total revenues	\$ 195,160	\$ 168,367	\$ 363,527
Operating expenses:			
Depreciation	\$ 181,063	\$ 103,872	\$ 284,935
Miscellaneous	219,269	116,390	335,659
Total operating expenses	\$ 400,332	\$ 220,262	\$ 620,594
Operating income (loss)	\$ (205,172)	\$ (51,895)	\$ (257,067)
Non-operating revenues (expenses):			
Interest income	\$ 6,366	\$ 11,996	\$ 18,362
Interest expense	(72,149)	-	(72,149)
Total nonoperating revenues (expenses)	\$ (65,783)	\$ 11,996	\$ (53,787)
Income (loss) before contributions and transfers	\$ (270,955)	\$ (39,899)	\$ (310,854)
Transfers in	48,007	77,745	125,752
Change in net assets	\$ (222,948)	\$ 37,846	\$ (185,102)
Net assets at beginning of year	3,466,436	4,158,436	7,624,872
Net assets at end of year	\$ 3,243,488	\$ 4,196,282	\$ 7,439,770

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

Statement of Cash Flows -
 Proprietary Funds
 For the Year Ended June 30, 2008

	Sewer Fund	Water Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 242,445	\$ 159,713	\$ 402,158
Payments for operating activities	<u>(220,943)</u>	<u>(118,602)</u>	<u>(339,545)</u>
Net cash provided by (used in) operating activities	<u>\$ 21,502</u>	<u>\$ 41,111</u>	<u>\$ 62,613</u>
Cash flows from capital and related financing activities:			
Retirement of indebtedness	\$ (32,153)	\$ -	\$ (32,153)
Purchase of capital assets	-	(10,205)	(10,205)
Interest paid on loans	<u>(72,149)</u>	<u>-</u>	<u>(72,149)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (104,302)</u>	<u>\$ (10,205)</u>	<u>\$ (114,507)</u>
Cash flows from noncapital financing activities:			
Transfers in	<u>\$ 48,007</u>	<u>\$ 77,745</u>	<u>\$ 125,752</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 48,007</u>	<u>\$ 77,745</u>	<u>\$ 125,752</u>
Cash flows from investing activities:			
Interest earned	<u>\$ 6,366</u>	<u>\$ 11,996</u>	<u>\$ 18,362</u>
Net cash provided by (used in) investing activities	<u>\$ 6,366</u>	<u>\$ 11,996</u>	<u>\$ 18,362</u>
Increase (decrease) in cash and cash equivalents	\$ (28,427)	\$ 120,647	\$ 92,220
Cash and cash equivalents at beginning of year	<u>176,927</u>	<u>269,268</u>	<u>446,195</u>
Cash and cash equivalents at end of year	<u><u>\$ 148,500</u></u>	<u><u>\$ 389,915</u></u>	<u><u>\$ 538,415</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (205,172)	\$ (51,895)	\$ (257,067)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:			
Depreciation	181,063	103,872	284,935
Changes in operating assets and liabilities:			
(Increase)/decrease in accounts receivable	47,285	(8,675)	38,610
Increase/(decrease) in accounts payable and accrued expenses	<u>(1,674)</u>	<u>(2,212)</u>	<u>(3,886)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 21,502</u></u>	<u><u>\$ 41,090</u></u>	<u><u>\$ 62,592</u></u>

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

Statement of Fiduciary Net Assets
 At June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>238,121</u>
LIABILITIES	
Amounts held for others	\$ <u>238,121</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, 2008

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, 2008 (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 government's revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, final budget and actual results.

A. Financial Reporting Entity

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

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

Discretely Presented Component Units—The School Board members are appointed by a School Board Selection Committee whose members are appointed by the Circuit Court and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report and does not have separate taxing powers. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2008.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2008 (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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. 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, 2008 (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 amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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 \$181,587 at June 30, 2008 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 15th and the second on November 15th. Personal property taxes are payable November 15th. The County bills and collects its own property taxes.

I. Capital Assets

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2008 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, 2008 (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, 2008 (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, 2008 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Locality's Rate Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAA
Local Government Investment Pool	\$ 2,996,824
US Treasury notes	308,815
U.S. Treasury Money Market	2,979,356
Bear Stearns Fund	384,625
Total	\$ <u>6,669,620</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	\$ 308,815	\$ 308,815	\$ -	\$ -	\$ -
Bear Stearns Fund	<u>384,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,625</u>
	\$ <u>693,440</u>	\$ <u>308,815</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, 2008 (Continued)

Note 3—Due From Other Governmental Units:

At June 30, 2008 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	\$ -	\$ 244,019
Local sales taxes	75,875	-
Communication taxes	70,553	-
Public assistance	24,706	-
Comprehensive services	101,909	-
Other	7,904	-
Shared expenses	78,736	-
Payment in lieu of taxes	50,976	-
Water grant		-
Mobile Home Titling Tax	10,704	-
Federal Government:		
School funds		150,270
Public assistance	42,417	-
TEA grant	44,577	-
Total	\$ <u>508,357</u>	\$ <u>394,289</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, 2008 (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, 2008.

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 627,897	\$ -
Component Unit-School Board:		
School Operating	-	316,786
Component Unit-Industrial Development Authority:		
Industrial Development Authority	<u>-</u>	<u>311,111</u>
 Total	 <u>\$ 627,897</u>	 <u>\$ 627,897</u>

Note 5—Interfund Transfers:

Interfund transfers for the year ended June 30, 2008 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 196,782	\$ 204,870
County Capital Projects	9,844,622	18,432,103
School Capital Projects	18,183,160	9,713,344
Sewer	48,007	-
Water	<u>77,746</u>	<u>-</u>
 Total	 <u>\$ 28,350,317</u>	 <u>\$ 28,350,317</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, 2008, the note balance is \$311,111.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
County:				
Capital assets, not being depreciated:				
Land	\$ 142,089	\$ -	\$ -	\$ 142,089
Construction in progress	1,071,993	364,033	-	1,436,026
Construction in progress - jointly owned assets	<u>5,867,265</u>	<u>21,418,988</u>	<u>-</u>	<u>27,286,253</u>
Total capital assets not being depreciated	<u>\$ 7,081,347</u>	<u>\$ 21,783,021</u>	<u>\$ -</u>	<u>\$ 28,864,368</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,748,992	\$ 434,032	\$ -	\$ 5,183,024
Equipment including vehicles	1,799,425	231,056	-	2,030,481
Jointly owned assets	<u>8,303,276</u>	<u>-</u>	<u>439,167</u>	<u>7,864,109</u>
Total capital assets being depreciated	<u>\$ 14,851,693</u>	<u>\$ 665,088</u>	<u>\$ 439,167</u>	<u>\$ 15,077,614</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,292,922	\$ 138,125	\$ -	\$ 1,431,047
Equipment	1,286,460	216,410	-	1,502,870
Jointly owned assets	<u>1,374,031</u>	<u>155,985</u>	<u>140,776</u>	<u>1,389,240</u>
Total accumulated depreciation	<u>\$ 3,953,413</u>	<u>\$ 510,520</u>	<u>\$ 140,776</u>	<u>\$ 4,323,157</u>
Total capital assets being depreciated, net	<u>\$ 10,898,280</u>	<u>\$ 154,568</u>	<u>\$ 298,391</u>	<u>\$ 10,754,457</u>
Governmental activities capital assets, net	<u>\$ 17,979,627</u>	<u>\$ 21,937,589</u>	<u>\$ 298,391</u>	<u>\$ 39,618,825</u>
Component Unit - School Board:				
Capital assets, not being depreciated:				
Land	\$ 275,687	\$ -	\$ -	\$ 275,687
Construction in progress	<u>353,249</u>	<u>2,378,307</u>	<u>-</u>	<u>2,731,556</u>
Total capital assets not being depreciated	<u>\$ 628,936</u>	<u>\$ 2,378,307</u>	<u>\$ -</u>	<u>\$ 3,007,243</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,838,384	\$ -	\$ -	\$ 3,838,384
Equipment including vehicles	2,623,224	-	-	2,623,224
Jointly owned assets	<u>2,425,002</u>	<u>439,167</u>	<u>-</u>	<u>2,864,169</u>
Total capital assets being depreciated	<u>\$ 8,886,610</u>	<u>\$ 439,167</u>	<u>\$ -</u>	<u>\$ 9,325,777</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,985,157	\$ 186,171	\$ -	\$ 2,171,328
Equipment	2,006,788	180,542	-	2,187,330
Jointly owned assets	<u>547,104</u>	<u>140,776</u>	<u>-</u>	<u>687,880</u>
Total accumulated depreciation	<u>\$ 4,539,049</u>	<u>\$ 507,489</u>	<u>\$ -</u>	<u>\$ 5,046,538</u>
Total capital assets being depreciated, net	<u>\$ 4,347,561</u>	<u>\$ (68,322)</u>	<u>\$ -</u>	<u>\$ 4,279,239</u>
Governmental activities capital assets, net	<u>\$ 4,976,497</u>	<u>\$ 2,309,985</u>	<u>\$ -</u>	<u>\$ 7,286,482</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Capital Assets: (Continued)

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

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Business-type activities:				
Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 22,458	\$ -	\$ -	\$ 22,458
Capital assets being depreciated:				
Equipment	\$ 64,106	\$ -	\$ -	\$ 64,106
Sewer lines	5,295,086	-	-	5,295,086
Buildings	1,447,348	-	-	1,447,348
Total capital assets being depreciated	\$ 6,806,540	\$ -	\$ -	\$ 6,806,540
Less accumulated depreciation:				
Equipment	\$ 49,811	\$ 3,574	\$ -	\$ 53,385
Sewer lines	1,354,868	132,377	-	1,487,245
Buildings	462,270	45,112	-	507,382
Total accumulated depreciation	\$ 1,866,949	\$ 181,063	\$ -	\$ 2,048,012
Total capital assets being depreciated, net	\$ 4,939,591	\$ (181,063)	\$ -	\$ 4,758,528
Net capital assets	\$ 4,962,049	\$ (181,063)	\$ -	\$ 4,780,986
Water Fund:				
Capital assets being depreciated:				
Equipment	\$ 22,805	\$ 10,205	\$ -	\$ 33,010
Reservoir	1,932,398	-	-	1,932,398
Water lines	2,040,042	-	-	2,040,042
Total capital assets being depreciated	\$ 3,995,245	\$ 10,205	\$ -	\$ 4,005,450
Less accumulated depreciation:				
Equipment	\$ 4,561	\$ 4,561	\$ -	\$ 9,122
Reservoir	48,310	48,310	-	96,620
Water lines	51,001	51,001	-	102,002
Total accumulated depreciation	\$ 103,872	\$ 103,872	\$ -	\$ 207,744
Net capital assets	\$ 3,891,373	\$ (93,667)	\$ -	\$ 3,797,706
Business-type activities capital assets, net	\$ 8,853,422	\$ (274,730)	\$ -	\$ 8,578,692

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Capital Assets: (Continued)

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

Governmental activities:		
General government	\$	9,099
Judicial administration		91,319
Public safety		129,136
Public works		31,956
Health and welfare		7,047
Education		155,985
Parks, recreation and cultural		2,527
Community development		4,400
Total	\$	<u>431,469</u>
Component Unit-School Board	\$	<u>522,698</u>
Sewer Fund	\$	<u>181,063</u>
Water Fund	\$	<u>103,872</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2008 consist of the following:

Cash reserves for debt service-school	\$	396,982
Cash reserves for debt service-courthouse		<u>309,619</u>
Total	\$	<u>706,601</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 \$786,621 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$699,157 at June 30, 2008.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2008 but paid in advance by the taxpayers totaled \$87,464 at June 30, 2008.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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
2009	\$ 32,033	\$ 72,271	\$ 787,890	\$ 1,000,879	\$ 244,167	\$ 104,082	\$ 19,431,656	\$ 841,391
2010	33,504	70,800	849,076	849,453	244,167	96,757	-	-
2011	35,043	69,261	878,494	804,865	244,167	89,432	-	-
2012	36,653	67,651	908,404	758,499	236,887	82,107	-	-
2013	38,337	65,967	938,834	710,320	166,667	75,000	-	-
2014	40,098	64,206	974,810	659,939	166,667	70,000	-	-
2015	41,940	62,364	1,011,360	607,099	166,667	65,000	-	-
2016	43,867	60,437	1,048,514	551,979	166,667	60,000	-	-
2017	45,882	58,422	1,096,304	494,256	166,667	55,000	-	-
2018	47,990	56,314	1,139,764	433,717	166,667	50,000	-	-
2019	50,195	54,109	803,928	382,681	166,667	45,000	-	-
2020	52,501	51,803	828,834	341,792	166,667	40,000	-	-
2021	54,913	49,391	854,518	299,525	166,667	35,000	-	-
2022	57,435	46,869	886,024	255,708	166,667	30,000	-	-
2023	60,074	44,230	915,928	212,628	166,667	25,000	-	-
2024	62,834	41,470	941,612	168,013	166,667	20,000	-	-
2025	65,720	38,584	675,584	126,917	166,667	15,000	-	-
2026	68,739	35,565	695,548	91,953	166,667	10,000	-	-
2027	71,897	32,407	716,556	55,944	166,657	5,000	-	-
2028	75,200	29,104	738,664	18,836	-	-	-	-
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	5,915	49	-	-	-	-	-	-
Total	\$ 1,620,595	\$ 1,169,062	\$ 17,690,646	\$ 8,825,001	\$ 3,469,383	\$ 972,378	\$ 19,431,656	\$ 841,391

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2008.

Governmental Activities:	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within One Year
Compensated absences payable	\$ 194,522	\$ 75,011	\$ 48,631	\$ 220,902	\$ 22,090
Landfill closure	447,523	-	-	447,523	-
County general obligations bonds	3,440,000	-	140,000	3,300,000	145,000
School general obligation debt	2,965,000	11,620,646	195,000	14,390,646	205,000
VACO/VML temporary financing	15,800,000	13,345,000	9,713,344	19,431,656	19,431,656
Literary fund loans	3,713,550	-	244,167	3,469,383	244,167
Total Governmental Activities	\$ 26,560,595	\$ 25,040,657	\$ 10,341,142	\$ 41,260,110	\$ 20,047,913
Business-Type Activities:					
Sewer Fund:					
Compensated absences payable	\$ -	\$ 967	\$ -	\$ 967	\$ 97
Revenue Bonds	1,652,748	-	32,153	1,620,595	32,033
Total Business-Type Activities	\$ 1,652,748	\$ 967	\$ 32,153	\$ 1,621,562	\$ 32,130
Total primary government	\$ 28,213,343	\$ 25,041,624	\$ 10,373,295	\$ 42,881,672	\$ 20,080,043

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 10—Long—Term Debt: (Continued)

Primary Government: (continued)

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

Business-Type Activities:

Revenue Bonds Payable:

\$1,548,800 series 1995 and Series A Sewer Revenue Bonds. Series A of \$772,000 and Series B of \$776,800 issued October 31, 1995 through the Commonwealth of Virginia. Interest payable for Series and Series A at 4.50% per year, interest only payable on the first and second anniversary dates of closing and thereafter payable in monthly installments of combined principal and interest of \$3,544 for Series A and \$3,566 for Series B each month for a period of thirty-eight years, until paid, each payment to be applied first to interest accrued to such payment date and then to principal, and such financial installment, if not sooner paid, to be due and payable within forty years. \$ 1,322,426

\$344,500 series 1996 Sewer Revenue Bonds issued October 9, 1996 through the Commonwealth of Virginia. Interest payable at 4.50%, interest payable on the first and second anniversary dates of closing and thereafter payable in monthly installments of combined principal and interest of \$1,582 for a period of thirty-eight years, until paid. Each payment to be applied first to interest accrued to such payment date and then to principal, and such final installment, if not sooner paid, to be due and payable within forty years. 298,169

Total Revenue Bonds \$ 1,620,595

Accrued compensated absences 967

Total Business-Type Activities \$ 1,621,562

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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%	\$ 6,086,656
\$13,345,000 VACO/VML short-term financing note, series 2006, issued January 30, 2008, due in one lump sum payment, interest payable annually at 4.33%	<u>13,345,000</u>
Total VACO/VML Temporary Financings	<u>\$ 19,431,656</u>

State Literary Fund Loans:

\$1,542,720, issued May 22, 1993, due in principal annual installments of \$77,500, interest payable annually at 3%	\$ 302,720
\$5,000,000, issued February 27, 1997, due in principal annual installments of \$166,667, interest payable annually at 3%	<u>3,166,663</u>
Total State Literary Fund Loans	<u>\$ 3,469,383</u>

General Obligation Bonds:

\$4,190,000 obligation dated June 24, 1997, payable in various principal annual installments through July 15, 2017, interest payable semi-annually at rates ranging from 4.80% to 6.375%	\$ 2,770,000
\$11,620,646 obligation dated November 8, 2007, payable in various principal annual installments through July 15, 2027, interest payable semi-annually at 5.1%	11,620,646
\$3,845,000 obligation dated October 1, 2001, payable in various principal annual installments through July 1, 2023, interest payable semi-annually at 4.627%	<u>3,300,000</u>
Total General Obligation Bonds	<u>\$ 17,690,646</u>
Accrued compensated absences	<u>\$ 220,902</u>
Landfill closure	<u>\$ 447,523</u>
Total governmental fund long-term obligations	<u>\$ 41,260,110</u>
Total Primary Government	<u>\$ 42,881,672</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2008:

	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within OneYear
Compensated absences payable	\$ 310,563	\$ 142,956	\$ 77,641	\$ 375,878	\$ 37,588
Ameresco Performance Contract	1,532,402	-	39,069	1,493,333	44,183
Capital lease	108,811	-	53,482	55,329	55,329
Total	<u>\$ 1,951,776</u>	<u>\$ 142,956</u>	<u>\$ 170,192</u>	<u>\$ 1,924,540</u>	<u>\$ 137,100</u>

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
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
Total	<u>\$ 55,329</u>	<u>\$ 1,653</u>	<u>\$ 1,493,333</u>	<u>\$ 716,971</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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.	\$ 55,329
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.	1,493,333
Compensated absences	<u>375,878</u>
Total long-term obligations	<u>\$ 1,924,540</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, 2008 (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, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf> or 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 Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employees contribution rates for the fiscal year ended 2008 were 5.08% and 4.27% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$787,282, \$695,730, and \$451,154 to the teacher cost-sharing pool for the fiscal years ended June 30, 2008, 2007 and 2006, respectively and these contributions represented 10.30%, 9.20% and 6.62%, respectively, of current covered payroll.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2008, the County’s annual pension cost of \$145,260 was equal to the County’s required and actual contributions.

Three-Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 145,260	100%	\$ -
June 30, 2007	136,718	100%	-
June 30, 2006	94,762	100%	-

For fiscal year 2008, the County School Board’s annual pension cost for the Board’s non-professional employees was \$33,506 which was equal to the Board’s required and actual contributions.

Three-Year Trend Information - County School Board Non-Professional			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 33,506	100%	\$ -
June 30, 2007	32,668	100%	-
June 30, 2006	10,365	100%	-

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.50% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County’s and the County School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s, School Board’s, and Authority’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the County's plan was 94.53% funded. The actuarial accrued liability for benefits was \$6,682,390, and the actuarial value of assets was \$6,316,618, resulting in an unfunded actuarial accrued liability (UAAL) of \$365,772. The covered payroll (annual payroll of active employees covered by the plan) was \$2,724,782 and ratio of the UAAL to the covered payroll was 13.42%.

As of June 30, 2007 the most recent actuarial valuation date, the County School Board's plan was 107.23% funded. The actuarial accrued liability for benefits was \$1,798,557, and the actuarial value of assets was \$1,928,527, resulting in an unfunded actuarial accrued liability (UAAL) of (\$129,970). The covered payroll (annual payroll of active employees covered by the plan) was \$794,442, and ratio of UAAL to the covered payroll was (16.36%).

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

Note 13—Risk Management:

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

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

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

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

Note 14—Litigation:

At June 30, 2008, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 15—Surety Bond Information:

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

Note 16—Contingent Liabilities:

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

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Required Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual -- General Fund
 Year Ended June 30, 2008

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 6,258,000	\$ 6,258,000	\$ 6,668,218	\$ 410,218
Other local taxes	1,274,100	1,274,100	1,370,255	96,155
Permits, privilege fees and regulatory licenses	79,800	79,800	70,618	(9,182)
Fines and forfeitures	35,000	67,900	66,921	(979)
Revenue from use of money and property	100,000	107,518	145,172	37,654
Charges for services	37,085	43,885	362,620	318,735
Miscellaneous	373,000	419,545	32,565	(386,980)
Intergovernmental:				
County contribution from IDA	-	14,931	14,930	(1)
Commonwealth	2,908,380	3,081,219	2,850,316	(230,903)
Federal	654,790	1,132,036	984,414	(147,622)
Total revenues	\$ 11,720,155	\$ 12,478,934	\$ 12,566,029	\$ 87,095
Expenditures:				
Current:				
General government administration	\$ 1,411,987	\$ 1,450,135	\$ 1,398,773	\$ 51,362
Judicial administration	339,562	343,068	330,015	13,053
Public safety	1,705,258	2,298,373	2,217,389	80,984
Public works	969,046	1,085,939	1,066,343	19,596
Health and welfare	2,399,805	2,568,611	2,098,924	469,687
Education	4,080,425	4,113,425	4,087,177	26,248
Parks, recreation, and cultural	197,607	183,707	183,317	390
Community development	483,778	440,087	432,852	7,235
Nondepartmental	55,500	25,653	24,085	1,568
Debt service:				
Principal retirement	609,167	609,167	579,167	30,000
Interest and other fiscal charges	415,302	415,302	446,449	(31,147)
Total expenditures	\$ 12,667,437	\$ 13,533,467	\$ 12,864,491	\$ 668,976
Excess (deficiency) of revenues over (under) expenditures	\$ (947,282)	\$ (1,054,533)	\$ (298,462)	\$ 756,071
Other financing sources (uses):				
Transfers in	\$ 776,449	\$ 860,244	\$ 196,782	\$ (663,462)
Transfers (out)	(825,655)	(828,487)	(204,870)	623,617
Total other financing sources (uses)	\$ (49,206)	\$ 31,757	\$ (8,088)	\$ (39,845)
Net change in fund balance	\$ (996,488)	\$ (1,022,776)	\$ (306,550)	\$ 716,226
Fund balance at beginning of year	996,488	1,022,776	5,022,892	4,000,116
Fund balance at end of year	\$ -	\$ -	\$ 4,716,342	\$ 4,716,342

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)
6/30/2007	\$ 6,316,618	\$ 6,682,390	\$ 365,772	94.53%	\$ 2,724,782	13.42%
6/30/2006	5,541,173	6,156,342	615,169	90.01%	2,385,873	25.78%
6/30/2005	5,123,066	5,797,134	674,068	88.37%	2,046,392	32.94%

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)
6/30/2007	\$ 1,928,527	\$ 1,798,557	\$ (129,970)	107.23%	\$ 794,442	(16.36%)
6/30/2006	1,732,461	1,634,092	(98,369)	106.02%	676,621	(14.54%)
6/30/2005	1,651,714	1,588,756	(62,958)	103.96%	651,563	(9.66%)

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, 2008

	County Capital Projects Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 363,962	\$ 363,962
Intergovernmental:				
Commonwealth	-	-	74,694	74,694
Federal	-	-	141,148	141,148
Total revenues	\$ -	\$ -	\$ 579,804	\$ 579,804
Expenditures:				
Current:				
General government administration	\$ 24,186	\$ 32,229	\$ 15,318	\$ 16,911
Judicial administration	-	39,927	17,518	22,409
Public safety	537,600	1,547,840	1,026,855	520,985
Public works	41,000	71,500	94,474	(22,974)
Education	-	333,435	425,985	(92,550)
Parks, recreation, and cultural	-	-	11,820	(11,820)
Community development	-	731,305	898,853	(167,548)
Debt service:				
Interest and other fiscal charges	-	665,078	665,078	-
Total expenditures	\$ 602,786	\$ 3,421,314	\$ 3,155,901	\$ 265,413
Excess (deficiency) of revenues over (under) expenditures	\$ (602,786)	\$ (3,421,314)	\$ (2,576,097)	\$ 845,217
Other financing sources (uses):				
Transfers in	\$ -	\$ 9,713,344	\$ 9,844,622	\$ 131,278
Retirement of VACO / VML note	-	(9,713,344)	(9,713,344)	-
Issuance of long-term debt	-	13,345,000	13,345,000	-
Transfers (out)	-	(12,629,438)	(18,432,103)	(5,802,665)
Total other financing sources (uses)	\$ -	\$ 715,562	\$ (4,955,825)	\$ (5,671,387)
Net change in fund balances	\$ (602,786)	\$ (2,705,752)	\$ (7,531,922)	\$ (4,826,170)
Fund balance at beginning of year	602,786	2,705,752	7,928,015	5,222,263
Fund balance at end of year	\$ -	\$ -	\$ 396,093	\$ 396,093

School Capital Projects Fund			
Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
\$ -	\$ 35,274	\$ 35,273	\$ (1)
-	2,731,556	3,359,438	627,882
-	-	-	-
<u>\$ -</u>	<u>\$ 2,766,830</u>	<u>\$ 3,394,711</u>	<u>\$ 627,881</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	22,310,400	23,485,466	(1,175,066)
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 22,310,400</u>	<u>\$ 23,485,466</u>	<u>\$ (1,175,066)</u>
<u>\$ -</u>	<u>\$ (19,543,570)</u>	<u>\$ (20,090,755)</u>	<u>\$ (547,185)</u>
\$ -	\$ 12,629,438	\$ 18,183,161	\$ 5,553,723
-	16,627,185	11,620,646	(5,006,539)
-	(9,713,344)	(9,713,344)	-
<u>\$ -</u>	<u>\$ 19,543,279</u>	<u>\$ 20,090,463</u>	<u>\$ 547,184</u>
\$ -	\$ (291)	\$ (292)	\$ (1)
-	291	292	1
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Assets -
 Agency Funds
 At June 30, 2008

	Agency Funds			Totals
	Special Welfare Fund	Sheriff's Forfeiture Fund	Landfill Escrow Fund	
ASSETS				
Cash and cash equivalents	\$ 19,751	\$ 155,143	\$ 63,227	\$ 238,121
Total assets	<u>\$ 19,751</u>	<u>\$ 155,143</u>	<u>\$ 63,227</u>	<u>\$ 238,121</u>
LIABILITIES				
Amounts held for sheriff	\$ -	\$ 155,143	\$ -	\$ 155,143
Amounts held for social services clients	19,751	-	-	19,751
Amounts held for landfill	-	-	63,227	63,227
Total liabilities	<u>\$ 19,751</u>	<u>\$ 155,143</u>	<u>\$ 63,227</u>	<u>\$ 238,121</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>12,768</u>	\$ <u>55,268</u>	\$ <u>48,285</u>	\$ <u>19,751</u>
Liabilities:				
Amounts held for social service clients	\$ <u>12,768</u>	\$ <u>55,268</u>	\$ <u>48,285</u>	\$ <u>19,751</u>
Sheriff's Forfeiture Fund:				
Assets:				
Cash and cash equivalents	\$ <u>166,426</u>	\$ <u>19,949</u>	\$ <u>31,232</u>	\$ <u>155,143</u>
Liabilities:				
Amounts held for sheriff	\$ <u>166,426</u>	\$ <u>19,949</u>	\$ <u>31,232</u>	\$ <u>155,143</u>
Landfill Escrow Fund:				
Assets:				
Cash and cash equivalents	\$ <u>60,620</u>	\$ <u>2,607</u>	\$ <u>-</u>	\$ <u>63,227</u>
Liabilities:				
Amounts held for landfill	\$ <u>60,620</u>	\$ <u>2,607</u>	\$ <u>-</u>	\$ <u>63,227</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>239,814</u>	\$ <u>77,824</u>	\$ <u>79,517</u>	\$ <u>238,121</u>
Liabilities:				
Amounts held for social service clients	\$ 12,768	\$ 55,268	\$ 48,285	\$ 19,751
Amounts held for sheriff	166,426	19,949	31,232	155,143
Amounts held for landfill	<u>60,620</u>	<u>2,607</u>	<u>-</u>	<u>63,227</u>
Total liabilities	\$ <u>239,814</u>	\$ <u>77,824</u>	\$ <u>79,517</u>	\$ <u>238,121</u>

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Discretely Presented Component Unit–School Board

Combining Balance Sheet -
Discretely Presented Component Unit - School Board
At June 30, 2008

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 634,251	\$ 75,517	\$ 709,768
Receivables (Net of allowances for uncollectibles):			
Due from other governmental units	<u>394,289</u>	<u>-</u>	<u>394,289</u>
Total assets	<u>\$ 1,028,540</u>	<u>\$ 75,517</u>	<u>\$ 1,104,057</u>
LIABILITIES			
Accounts payable	\$ 77,503	\$ -	\$ 77,503
Accrued liabilities	634,251		634,251
Due to primary government	<u>316,786</u>	<u>-</u>	<u>316,786</u>
Total liabilities	<u>\$ 1,028,540</u>	<u>\$ -</u>	<u>\$ 1,028,540</u>
FUND BALANCES			
Unreserved:			
Designated:			
Designated for subsequent expenditures	\$ -	\$ 75,517	\$ 75,517
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ -</u>	<u>\$ 75,517</u>	<u>\$ 75,517</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.

7,286,482

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.

(1,924,540)

Net assets of General Government Activities

\$ 5,437,459

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2008

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
Revenues:			
Revenue from use of money and property	\$ 24,769	\$ 302	\$ 25,071
Charges for services	-	215,596	215,596
Miscellaneous	285,088	3,000	288,088
Intergovernmental:			
County contribution to School Board	4,084,747	-	4,084,747
Commonwealth	9,450,165	-	9,450,165
Federal	2,176,238	-	2,176,238
Total revenues	\$ 16,021,007	\$ 218,898	\$ 16,239,905
Expenditures:			
Current:			
Education	\$ 15,423,253	\$ 743,464	\$ 16,166,717
Total expenditures	\$ 15,423,253	\$ 743,464	\$ 16,166,717
Excess (deficiency) of revenues over (under) expenditures	\$ 597,754	\$ (524,566)	\$ 73,188
Other financing sources (uses):			
Transfers in	\$ -	\$ 597,754	\$ 597,754
Transfers (out)	(597,754)	-	(597,754)
Total other financing sources (uses)	\$ (597,754)	\$ 597,754	\$ -
Net change in fund balances	\$ -	\$ 73,188	\$ 73,188
Fund balance at beginning of year	-	2,329	2,329
Fund balance at end of year	\$ -	\$ 75,517	\$ 75,517

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2008

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 24,769	\$ 24,769
Miscellaneous	287,836	287,836	285,088	(2,748)
Intergovernmental:				
County contribution to School Board	4,077,995	4,110,995	4,084,747	(26,248)
Commonwealth	9,388,932	9,388,932	9,450,165	61,233
Federal	2,274,425	2,595,620	2,176,238	(419,382)
Total revenues	\$ 16,029,188	\$ 16,383,383	\$ 16,021,007	\$ (362,376)
Expenditures:				
Current:				
Education	\$ 15,431,188	\$ 15,785,383	\$ 15,423,253	\$ 362,130
Total expenditures	\$ 15,431,188	\$ 15,785,383	\$ 15,423,253	\$ 362,130
Excess (deficiency) of revenues over (under) expenditures	\$ 598,000	\$ 598,000	\$ 597,754	\$ (724,506)
Other financing sources (uses):				
Transfers (out)	(598,000)	(598,000)	(597,754)	246
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Statement of Activities -
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2008

	<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	\$ 73,188
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.</p>	
Depreciation expense	(507,489)
Transfer of joint tenancy assets from Primary Government to the Component Unit	2,506,911
<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	\$ 53,482
Change in accrued leave	(65,315)
Principal retired on performance contract	<u>39,069</u>
	27,236
Change in net assets of governmental activities	<u>\$ 2,099,846</u>

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

Statement of Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 At June 30, 2008

	Discretely Presented Component Unit - IDA
ASSETS	
Note receivable	\$ <u>311,111</u>
Total	\$ <u><u>311,111</u></u>
LIABILITIES	
Due to primary government	\$ <u>311,111</u>
Total liabilities	\$ <u><u>311,111</u></u>

Statement of Revenues, Expenses and Changes in Fund Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2008

	<u>Discretely Presented Component Unit - IDA</u>
Non-operating revenues (expenses):	
Interest income	\$ 14,931
Contribution to County of Cumberland	<u>(14,931)</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, 2008

	<u>Discretely Presented Component Unit - IDA</u>
Cash Flows from Noncapital Financing Activities:	
Contribution to County of Cumberland	\$ <u>(14,931)</u>
Net cash provided by (used in) operating activities	\$ <u>(14,931)</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>14,931</u>
Net cash provided by (used in) investing activities	\$ <u>14,931</u>
Increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u><u>-</u></u>

Supporting Schedules

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2008

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	\$ 4,140,000	\$ 4,140,000	\$ 4,190,787	\$ 50,787
Real and personal public service corporation property taxes	363,000	363,000	428,427	65,427
Personal property taxes	1,437,400	1,437,400	1,694,414	257,014
Mobile Homes	44,000	44,000	54,905	10,905
Airplane taxes	8,800	8,800	7,996	(804)
Machinery and tools taxes	71,800	71,800	64,832	(6,968)
Penalties	122,000	122,000	112,447	(9,553)
Interest	71,000	71,000	114,410	43,410
Total general property taxes	\$ 6,258,000	\$ 6,258,000	\$ 6,668,218	\$ 410,218
Other local taxes:				
Local sales and use taxes	\$ 440,000	\$ 440,000	\$ 361,739	\$ (78,261)
Communication taxes	-	-	358,352	358,352
Consumers' utility taxes	400,000	400,000	238,526	(161,474)
Business license taxes	90,000	90,000	128,265	38,265
Franchise license taxes	6,800	6,800	-	(6,800)
Bank franchise tax	28,000	28,000	37,233	9,233
Motor vehicle licenses	162,000	162,000	161,568	(432)
Taxes on recordation and wills	81,500	81,500	74,954	(6,546)
E-911 taxes	65,800	65,800	9,618	(56,182)
Total other local taxes	\$ 1,274,100	\$ 1,274,100	\$ 1,370,255	\$ 96,155
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 6,600	\$ 6,600	\$ 10,519	\$ 3,919
Building and related permits	69,500	69,500	54,473	(15,027)
Transfer fees	400	400	456	56
Land use application fees	300	300	2,100	1,800
Zoning fees	3,000	3,000	3,070	70
Total permits, privilege fees and regulatory licenses	\$ 79,800	\$ 79,800	\$ 70,618	\$ (9,182)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 67,900	\$ 66,921	\$ (979)
Total fines and forfeitures	\$ 35,000	\$ 67,900	\$ 66,921	\$ (979)

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2008 (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	\$ 134,593	\$ 35,593
Revenue from use of property	1,000	8,518	10,579	2,061
Total revenue from use of money and property	<u>\$ 100,000</u>	<u>\$ 107,518</u>	<u>\$ 145,172</u>	<u>\$ 37,654</u>
Charges for services:				
Sheriff's fees	\$ 360	\$ 360	\$ 360	\$ -
Commonwealth attorney fees	125	125	179	54
Landfill host agreement fees	-	-	300,000	300,000
Courthouse maintenance fees	-	1,153	6,413	5,260
Law library fees	-	895	1,068	173
Other charges for services	36,600	41,352	54,600	13,248
Total charges for services	<u>\$ 37,085</u>	<u>\$ 43,885</u>	<u>\$ 362,620</u>	<u>\$ 318,735</u>
Miscellaneous revenue:				
Miscellaneous	\$ 373,000	\$ 419,545	\$ 32,565	\$ (386,980)
Total miscellaneous revenue	<u>\$ 373,000</u>	<u>\$ 419,545</u>	<u>\$ 32,565</u>	<u>\$ (386,980)</u>
Total revenue from local sources	<u>\$ 8,156,985</u>	<u>\$ 8,250,748</u>	<u>\$ 8,716,369</u>	<u>\$ 465,621</u>
Intergovernmental revenue:				
IDA contribution to County	\$ -	\$ 14,931	\$ 14,930	\$ (1)
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 65,000	\$ 65,000	\$ 50,976	\$ (14,024)
Noncategorical aid:				
ABC profits	\$ 5,000	\$ 5,000	-	\$ (5,000)
Wine taxes	5,000	5,000	-	(5,000)
Rental tax - DMV	500	500	1,158	658
Mobile home titling taxes	16,000	16,000	25,472	9,472
Tax on deeds	17,000	17,000	16,843	(157)
PPTRA	871,700	871,700	871,736	36
Railroad rolling stock taxes	-	-	36	36
Recordation tax	16,000	16,000	21,492	5,492
Total noncategorical aid	<u>\$ 931,200</u>	<u>\$ 931,200</u>	<u>\$ 936,737</u>	<u>\$ 5,537</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 71,113	\$ 71,113	\$ 71,052	\$ (61)
Sheriff	573,537	573,537	570,578	(2,959)
Commissioner of the Revenue	84,990	84,990	84,449	(541)
Treasurer	98,576	98,576	101,343	2,767
Medical examiner	180	180	-	(180)
Registrar/electoral board	33,332	33,332	37,224	3,892
DMV	-	971	1,198	227
Loan subsidy grant	-	26,416	26,416	-
Clerk of the Circuit Court	121,662	134,812	131,994	(2,818)
Total shared expenses	<u>\$ 983,390</u>	<u>\$ 1,023,927</u>	<u>\$ 1,024,254</u>	<u>\$ 327</u>
Other categorical aid:				
Fire programs	\$ -	\$ 22,512	\$ 22,512	\$ -
Litter Control	-	6,508	6,508	-
Records preservation grant	-	371	3,447	3,076
Emergency medical services	-	15,113	15,113	-
Biosolids monitor reimbursement	1,000	1,000	3,402	2,402
E-911	-	26,159	41,965	15,806
Comprehensive Services Act	662,500	662,500	439,595	(222,905)
Foster care reimbursement	-	-	9,502	9,502
Public assistance and welfare	265,290	326,929	296,305	(30,624)
Total other categorical aid	<u>\$ 928,790</u>	<u>\$ 1,061,092</u>	<u>\$ 838,349</u>	<u>\$ (222,743)</u>
Total categorical aid	<u>\$ 1,912,180</u>	<u>\$ 2,085,019</u>	<u>\$ 1,862,603</u>	<u>\$ (222,416)</u>
Total revenue from the Commonwealth	<u>\$ 2,908,380</u>	<u>\$ 3,081,219</u>	<u>\$ 2,850,316</u>	<u>\$ (230,903)</u>
Revenue from the Federal Government:				
Categorical aid:				
Assistance to firefighters	\$ -	\$ 376,010	\$ 376,010	\$ -
Public assistance and welfare	654,790	727,790	580,168	(147,622)
Highway safety grant	-	28,236	28,236	-
Total categorical aid	<u>\$ 654,790</u>	<u>\$ 1,132,036</u>	<u>\$ 984,414</u>	<u>\$ (147,622)</u>
Total revenue from the Federal Government	<u>\$ 654,790</u>	<u>\$ 1,132,036</u>	<u>\$ 984,414</u>	<u>\$ (147,622)</u>
Total General Fund	<u>\$ 11,720,155</u>	<u>\$ 12,478,934</u>	<u>\$ 12,566,029</u>	<u>\$ 87,095</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2008 (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	\$ -	\$ -	\$ 363,962	\$ 363,962
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,962</u>	<u>\$ 363,962</u>
Revenue from the Commonwealth:				
Categorical aid:				
Water assistance grant	\$ -	\$ -	\$ 43,514	\$ 43,514
Tobacco indemnification and revitalization grant	<u>-</u>	<u>-</u>	<u>31,180</u>	<u>31,180</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,694</u>	<u>\$ 74,694</u>
Revenue from the Federal Government:				
Categorical aid:				
Rural development grant	\$ -	\$ -	\$ 52,728	\$ 52,728
Tea 21 grant	<u>-</u>	<u>-</u>	<u>88,420</u>	<u>88,420</u>
Total revenue from the Federal Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,148</u>	<u>\$ 141,148</u>
Total County Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 579,804</u></u>	<u><u>\$ 579,804</u></u>
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ 35,274	\$ 35,273	\$ (1)
Total revenue from local sources	<u>\$ -</u>	<u>\$ 35,274</u>	<u>\$ 35,273</u>	<u>\$ (1)</u>
Revenue from the Commonwealth:				
Categorical aid:				
VPSA Subsidy	\$ -	\$ 2,731,556	\$ 3,359,438	\$ 627,882
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 2,766,830</u>	<u>\$ 3,394,711</u>	<u>\$ 627,881</u>
Grand Total Revenues -- Primary Government	<u><u>\$ 11,720,155</u></u>	<u><u>\$ 15,245,764</u></u>	<u><u>\$ 16,540,544</u></u>	<u><u>\$ 1,294,780</u></u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 24,769	\$ 24,769
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,769</u>	<u>\$ 24,769</u>

Governmental Funds and Discretely Presented Component Units
Statement of Revenues -- Budget and Actual
Year Ended June 30, 2008 (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)				
Miscellaneous revenue:				
Miscellaneous	\$ 287,836	\$ 287,836	\$ 285,088	\$ (2,748)
Total miscellaneous	\$ 287,836	\$ 287,836	\$ 285,088	\$ (2,748)
Total revenue from local sources	\$ 287,836	\$ 287,836	\$ 309,857	\$ 22,021
Intergovernmental revenue:				
County contribution to School Board	\$ 4,077,995	\$ 4,110,995	\$ 4,084,747	\$ (26,248)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ -	\$ -	\$ 1,651,415	\$ 1,651,415
Basic school aid	-	-	4,841,070	4,841,070
Reduced K-3	-	-	196,315	196,315
Special ed SOQ	-	-	528,172	528,172
Remedial education	-	-	183,982	183,982
Technology	-	-	128,000	128,000
Lottery	-	-	230,287	230,287
School construction	-	-	120,857	120,857
Social security	-	-	242,897	242,897
Teacher retirement	-	-	364,863	364,863
At risk	-	-	232,271	232,271
At risk four year olds	-	-	187,237	187,237
Project graduation	-	-	46,358	46,358
Remedial summer school	-	-	118,572	118,572
Other state funds	9,388,932	9,388,932	377,869	(9,011,063)
Total categorical aid	\$ 9,388,932	\$ 9,388,932	\$ 9,450,165	\$ 61,233
Total revenue from the Commonwealth	\$ 9,388,932	\$ 9,388,932	\$ 9,450,165	\$ 61,233
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ -	\$ -	\$ 246,017	\$ 246,017
Title I	-	-	433,199	433,199
Title VI-B -- Special Education	-	-	322,414	322,414
School food	-	-	415,301	415,301
ROTC	-	-	63,131	63,131
Reading first	-	-	145,087	145,087
21st century grant	-	-	421,947	421,947
Other federal funds	2,274,425	2,595,620	129,142	(2,466,478)
Total categorical aid	\$ 2,274,425	\$ 2,595,620	\$ 2,176,238	\$ (419,382)
Total revenue from the federal government	\$ 2,274,425	\$ 2,595,620	\$ 2,176,238	\$ (419,382)
Total School Operating Fund	\$ 16,029,188	\$ 16,383,383	\$ 16,021,007	\$ (362,376)

Governmental Funds and Discretely Presented Component Units
Statement of Revenues -- Budget and Actual
Year Ended June 30, 2008 (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	\$ -	\$ -	\$ 302	\$ 302
Total revenue from use of money and property	\$ -	\$ -	\$ 302	\$ 302
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 215,596	\$ 215,596
Total charges for services	\$ -	\$ -	\$ 215,596	\$ 215,596
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 3,000	\$ 3,000
Total miscellaneous	\$ -	\$ -	\$ 3,000	\$ 3,000
Total revenue from local sources	\$ -	\$ -	\$ 218,898	\$ 218,898
Total School Cafeteria Fund	\$ -	\$ -	\$ 218,898	\$ 218,898
Grand Total Revenues -- Component Unit -- School Board	\$ 16,029,188	\$ 16,383,383	\$ 16,239,905	\$ (143,478)
Grand Total Revenues -- Reporting Entity	\$ 27,749,343	\$ 31,629,147	\$ 32,780,449	\$ 1,151,302

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2008

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	\$ 74,087	\$ 74,087	\$ 53,024	\$ 21,063
General and financial administration:				
County administrator	\$ 158,008	\$ 158,008	\$ 152,558	\$ 5,450
Legal services	200,000	237,828	242,178	(4,350)
Independent Auditor	23,500	33,580	33,579	1
Commissioner of the revenue	225,324	225,324	218,921	6,403
Assessor	-	590	590	-
Treasurer	257,001	257,001	250,097	6,904
Accounting	167,251	167,901	167,920	(19)
Grant writing/Administration	42,678	42,678	39,343	3,335
Data Processing	169,773	153,773	152,195	1,578
Total general and financial administration	\$ 1,243,535	\$ 1,276,683	\$ 1,257,381	\$ 19,302
Board of Elections:				
Electoral board and officials	\$ 17,082	\$ 22,082	\$ 20,253	\$ 1,829
Registrar	77,283	77,283	68,115	9,168
Total board of elections	\$ 94,365	\$ 99,365	\$ 88,368	\$ 10,997
Total general government administration	\$ 1,411,987	\$ 1,450,135	\$ 1,398,773	\$ 51,362
Judicial administration:				
Courts:				
Circuit court	\$ 14,810	\$ 14,810	\$ 14,598	\$ 212
General district court	3,845	3,845	3,572	273
Special magistrates	6,998	6,998	6,783	215
Law library	-	3,727	3,352	375
Clerk of the circuit court	198,950	211,729	200,833	10,896
Total courts	\$ 224,603	\$ 241,109	\$ 229,138	\$ 11,971
Commonwealth's attorney:				
Commonwealth's attorney	\$ 114,959	\$ 101,959	\$ 100,877	\$ 1,082
Total judicial administration	\$ 339,562	\$ 343,068	\$ 330,015	\$ 13,053

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2008

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	\$ 1,124,063	\$ 1,219,876	\$ 1,205,301	\$ 14,575
School resource officer	37,289	41,814	41,814	-
Total law enforcement and traffic control	<u>\$ 1,161,352</u>	<u>\$ 1,261,690</u>	<u>\$ 1,247,115</u>	<u>\$ 14,575</u>
Fire and rescue services:				
Volunteer fire department	\$ 73,425	\$ 95,951	\$ 80,942	\$ 15,009
Ambulance and rescue service	64,570	79,044	73,296	5,748
E-911	85,900	488,069	477,411	10,658
Emergency services	12,250	47,594	34,954	12,640
Odemsa	500	1,139	500	639
Forestry service	5,814	5,814	5,814	-
Total fire and rescue services	<u>\$ 242,459</u>	<u>\$ 717,611</u>	<u>\$ 672,917</u>	<u>\$ 44,694</u>
Correction and detention:				
Sheriff	\$ 25,000	\$ 42,625	\$ 33,521	\$ 9,104
Probation office	1,926	1,926	1,659	267
Total correction and detention	<u>\$ 26,926</u>	<u>\$ 44,551</u>	<u>\$ 35,180</u>	<u>\$ 9,371</u>
Inspections:				
Building	\$ 104,478	\$ 104,478	\$ 99,282	\$ 5,196
Total inspections	<u>\$ 104,478</u>	<u>\$ 104,478</u>	<u>\$ 99,282</u>	<u>\$ 5,196</u>
Other protection:				
Animal control	\$ 124,175	\$ 124,175	\$ 117,187	\$ 6,988
Randolph community center	45,668	45,668	45,668	-
Medical examiner (coroner)	200	200	40	160
Total other protection	<u>\$ 170,043</u>	<u>\$ 170,043</u>	<u>\$ 162,895</u>	<u>\$ 7,148</u>
Total public safety	<u>\$ 1,705,258</u>	<u>\$ 2,298,373</u>	<u>\$ 2,217,389</u>	<u>\$ 80,984</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 528,615	\$ 588,022	\$ 568,746	\$ 19,276
Litter grant	-	6,508	-	6,508
Recycling	29,000	29,000	42,309	(13,309)
Total sanitation and waste removal	<u>\$ 557,615</u>	<u>\$ 623,530</u>	<u>\$ 611,055</u>	<u>\$ 12,475</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2008

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	\$ 411,431	\$ 462,409	\$ 455,288	\$ 7,121
Total maintenance of general buildings and grounds	\$ 411,431	\$ 462,409	\$ 455,288	\$ 7,121
Total public works	\$ 969,046	\$ 1,085,939	\$ 1,066,343	\$ 19,596
Health and welfare:				
Health:				
Supplement of local health department	\$ 99,549	\$ 93,210	\$ 89,843	\$ 3,367
Hospital and other health organizations	2,473	40,302	40,302	-
Total health	\$ 102,022	\$ 133,512	\$ 130,145	\$ 3,367
Mental health and mental retardation:				
Chapter X board	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
Hospitalization - inpatient	1,000	1,322	1,321	1
Total mental health and mental retardation	\$ 29,000	\$ 29,322	\$ 29,321	\$ 1
Welfare:				
Welfare administration & public assistance	\$ 1,206,197	\$ 1,342,595	\$ 1,127,040	\$ 215,555
CSA - at risk youth	1,062,586	1,063,182	812,418	250,764
Total welfare	\$ 2,268,783	\$ 2,405,777	\$ 1,939,458	\$ 466,319
Total health and welfare	\$ 2,399,805	\$ 2,568,611	\$ 2,098,924	\$ 469,687
Education:				
Contributions to community colleges	\$ 2,430	\$ 2,430	\$ 2,430	\$ -
Contributions to school board component unit	4,077,995	4,110,995	4,084,747	26,248
Total education	\$ 4,080,425	\$ 4,113,425	\$ 4,087,177	\$ 26,248
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 79,699	\$ 65,799	\$ 65,409	\$ 390
Library:				
Local library	\$ 115,408	\$ 115,408	\$ 115,408	\$ -
Tri-county life learners	2,500	2,500	2,500	-
Total parks, recreation and cultural	\$ 197,607	\$ 183,707	\$ 183,317	\$ 390

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2008

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	\$ 129,190	\$ 119,660	\$ 118,464	\$ 1,196
Economic development	125,587	134,522	134,568	(46)
Other community development	138,139	139,722	135,558	4,164
Total planning and community development	<u>\$ 392,916</u>	<u>\$ 393,904</u>	<u>\$ 388,590</u>	<u>\$ 5,314</u>
Environmental management:				
Cooperative extension program	\$ 45,160	\$ 46,183	\$ 44,262	\$ 1,921
Soil and water conservation district	45,702	-	-	-
Total environmental management	<u>\$ 90,862</u>	<u>\$ 46,183</u>	<u>\$ 44,262</u>	<u>\$ 1,921</u>
Total community development	<u>\$ 483,778</u>	<u>\$ 440,087</u>	<u>\$ 432,852</u>	<u>\$ 7,235</u>
Nondepartmental:				
Miscellaneous	\$ 55,500	\$ 25,653	\$ 24,085	\$ 1,568
Total nondepartmental	<u>\$ 55,500</u>	<u>\$ 25,653</u>	<u>\$ 24,085</u>	<u>\$ 1,568</u>
Debt service: county				
Principal retirement	\$ 170,000	\$ 170,000	\$ 140,000	\$ 30,000
Interest and fiscal charges	123,758	123,758	153,289	(29,531)
Total county debt service	<u>\$ 293,758</u>	<u>\$ 293,758</u>	<u>\$ 293,289</u>	<u>\$ 469</u>
Debt service: schools				
Principal retirement	\$ 439,167	\$ 439,167	\$ 439,167	\$ -
Interest and fiscal charges	291,544	291,544	293,160	(1,616)
Total schools debt service	<u>\$ 730,711</u>	<u>\$ 730,711</u>	<u>\$ 732,327</u>	<u>\$ (1,616)</u>
Total debt service	<u>\$ 1,024,469</u>	<u>\$ 1,024,469</u>	<u>\$ 1,025,616</u>	<u>\$ (1,147)</u>
Total General Fund	<u>\$ 12,667,437</u>	<u>\$ 13,533,467</u>	<u>\$ 12,864,491</u>	<u>\$ 668,976</u>
County Capital Projects Fund:				
Capital outlay / projects:				
General government	\$ 24,186	\$ 32,229	\$ 15,318	\$ 16,911
Judicial administration	-	39,927	17,518	22,409
Public safety	537,600	1,547,840	1,026,855	520,985
Public works	41,000	71,500	94,474	(22,974)
Education	-	333,435	425,985	(92,550)
Parks and recreation	-	-	11,820	(11,820)
Community Development	-	731,305	898,853	(167,548)
Total capital outlay / projects	<u>\$ 602,786</u>	<u>\$ 2,756,236</u>	<u>\$ 2,490,823</u>	<u>\$ 265,413</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2008

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	\$ -	\$ 665,078	\$ 665,078	\$ -
Total County Capital Projects Fund	<u>\$ 602,786</u>	<u>\$ 3,421,314</u>	<u>\$ 3,155,901</u>	<u>\$ 265,413</u>
School Capital Projects Fund:				
Capital outlay / projects:				
Education	\$ -	\$ 22,310,400	\$ 23,485,466	\$ (1,175,066)
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 22,310,400</u>	<u>\$ 23,485,466</u>	<u>\$ (1,175,066)</u>
Grand Total Expenditures -- Primary Government	<u>\$ 13,270,223</u>	<u>\$ 39,265,181</u>	<u>\$ 39,505,858</u>	<u>\$ (240,677)</u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 10,902,519	\$ 10,902,519	\$ 10,749,211	\$ 153,308
Administration, attendance and health	941,855	941,855	959,705	(17,850)
Pupil transportation services	1,552,733	1,552,733	1,507,264	45,469
Operation and maintenance services	1,211,875	1,566,070	1,385,480	180,590
Technology	822,206	822,206	821,593	613
Total education	<u>\$ 15,431,188</u>	<u>\$ 15,785,383</u>	<u>\$ 15,423,253</u>	<u>\$ 362,130</u>
Total School Operating Fund	<u>\$ 15,431,188</u>	<u>\$ 15,785,383</u>	<u>\$ 15,423,253</u>	<u>\$ 362,130</u>
School Cafeteria Fund:				
Education:				
School food services	\$ 340,000	\$ 340,000	\$ 743,464	\$ (403,464)
Total School Cafeteria Fund	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 743,464</u>	<u>\$ (403,464)</u>
Grand Total Expenditures--Component Unit-- School Board	<u>\$ 15,771,188</u>	<u>\$ 16,125,383</u>	<u>\$ 16,166,717</u>	<u>\$ (41,334)</u>
Grand Total Expenditures--Reporting Entity	<u>\$ 29,041,411</u>	<u>\$ 55,390,564</u>	<u>\$ 55,672,575</u>	<u>\$ (282,011)</u>

Other Supplementary Information

COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Seven 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		Sewer	Water
2001-02	\$ 875,364	\$ 261,964	\$ 1,085,225	\$ 740,129	\$ 1,298,741	\$ 3,066,011	\$ 76,576	\$ 287,876	\$ 8,655	\$ 9,218	\$ 458,018	\$ 341,108	\$ -	\$ 8,508,885
2002-03	857,155	243,414	1,290,301	1,073,275	1,264,378	3,805,093	80,384	396,735	-	11,076	647,006	308,405	-	9,977,222
2003-04	899,116	362,692	1,477,936	1,091,085	1,689,982	3,386,603	85,220	315,800	-	-	476,705	300,358	-	10,085,497
2004-05	1,096,607	457,036	1,641,665	1,269,984	1,734,952	3,988,063	134,066	339,568	-	-	502,815	305,431	-	11,470,187
2005-06	1,188,315	440,444	1,868,176	1,819,805	2,352,514	5,143,204	137,816	398,233	-	-	482,102	339,978	7,487	14,178,074
2006-07	1,555,835	555,793	2,146,137	1,065,558	2,294,192	4,378,988	182,374	407,700	-	-	629,286	354,830	156,332	13,727,025
2007-08	1,438,611	440,064	2,516,490	1,136,599	2,109,789	6,778,573	188,984	1,337,794	-	-	1,099,526	472,481	220,262	17,739,173

COUNTY OF CUMBERLAND, VIRGINIA

Table 2

Government-Wide Revenues
Last Seven Fiscal Years

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General			Other		Permit Privilege Fees & Regulatory Licenses		Revenues from the Use of Money & Property		Charges for Services		Miscellaneous		Inter-governmental		Recovered Costs		Total
	Property Taxes	Property Taxes	Taxes	Local Taxes	Taxes	Fees & Licenses	Regulatory Licenses	Fines & Forfeitures	Property	Money & Property	Services	for	Miscellaneous	Inter-governmental	Recovered Costs	Costs		
1998-99	\$ 4,146,577	\$ 876,177	\$ 45,450	\$ 876,177	\$ 45,450	\$ 5,089	\$ 170,896	\$ 170,896	\$ 179,144	\$ 73,869	\$ 8,047,418	\$ 8,800	\$ 13,553,420					
1999-00	4,002,402	869,826	54,000	869,826	54,000	7,796	170,676	170,676	174,972	95,532	8,716,582	-	14,091,786					
2000-01	4,998,406	966,405	63,415	966,405	63,415	10,994	214,560	214,560	176,717	170,337	9,438,120	-	16,038,954					
2001-02	4,921,224	1,005,701	79,309	1,005,701	79,309	9,631	167,141	167,141	179,812	127,867	10,410,177	385,438	17,286,300					
2002-03	5,456,313	1,045,148	70,600	1,045,148	70,600	21,522	112,803	112,803	190,799	79,296	10,848,112	-	17,824,593					
2003-04	5,725,532	1,152,551	66,863	1,152,551	66,863	20,039	204,995	204,995	234,620	136,936	12,526,248	-	20,067,784					
2004-05	7,821,863	1,315,257	76,029	1,315,257	76,029	31,047	142,345	142,345	255,057	223,233	13,658,488	-	23,523,319					
2005-06	6,351,805	1,401,158	94,697	1,401,158	94,697	59,671	256,716	256,716	484,635	371,179	15,184,571	-	24,204,432					
2006-07	6,325,766	1,296,960	102,542	1,296,960	102,542	50,642	321,055	321,055	317,769	966,950	17,458,744	-	26,840,428					
2007-08	6,668,218	1,370,255	70,618	1,370,255	70,618	66,921	569,478	569,478	578,216	320,653	19,051,343	-	28,695,702					

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

General Government Expenditures by Function (1) (2)

Last Ten Fiscal Years

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

(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	Tax Collections			Tax Levy	Tax Levy	
1998-99	\$ 4,108,207	\$ 3,801,022	\$ 3,801,022	92.52%	\$ 195,820	\$ 3,996,842	97.29%	\$ 440,976	10.73%		
1999-00	4,209,332	3,942,612	3,942,612	93.66%	211,867	4,154,479	98.70%	446,747	10.61%		
2000-01	5,543,755	5,189,311	5,189,311	93.61%	233,617	5,422,928	97.82%	549,859	9.92%		
2001-02	5,655,957	5,293,549	5,293,549	93.59%	286,822	5,580,371	98.66%	552,055	9.76%		
2002-03	6,225,778	5,781,074	5,781,074	92.86%	307,764	6,088,838	97.80%	628,682	10.10%		
2003-04	6,369,476	6,047,839	6,047,839	94.95%	301,799	6,349,638	99.69%	589,652	9.26%		
2004-05	6,404,029	6,134,815	6,134,815	95.80%	388,838	6,523,653	101.87%	557,064	8.70%		
2005-06	6,873,966	6,770,742	6,770,742	98.50%	305,845	7,076,587	102.95%	674,323	9.81%		
2006-07	7,230,249	6,786,714	6,786,714	93.87%	226,342	7,013,056	97.00%	771,727	10.67%		
2007-08	7,414,535	7,009,119	7,009,119	94.53%	303,978	7,313,097	98.63%	893,697	12.05%		

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes personal and real.

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Airplane	Machinery & Tools	Total
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
2007-08	730,275,447	57,024,862	8,531,438	64,696,398	1,549,585	1,925,603	864,003,333

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
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
2007-08	0.59/0.59	4.40	0.59/0.59	0.50	3.75

COUNTY OF CUMBERLAND, VIRGINIA

Table 7

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
					Value	Value	
1998-99	7,825	\$ 482,732,298	\$ 9,856,886	\$ 9,856,886	0.0204	\$	1,260
1999-00	7,825	491,167,124	9,482,719	9,482,719	0.0051		1,212
2000-01	9,017	503,881,883	9,103,552	9,103,552	0.0052		1,010
2001-02	9,017	512,577,074	12,564,385	12,564,385	0.0245		1,393
2002-03	9,017	585,580,349	12,170,218	12,170,218	0.0208		1,350
2003-04	9,017	594,767,142	11,771,051	11,771,051	0.0198		1,305
2004-05	9,017	599,649,880	11,236,884	11,236,884	0.0187		1,246
2005-06	9,017	722,794,565	10,687,717	10,687,717	0.0148		1,185
2006-07	9,017	841,310,111	10,118,550	10,118,550	0.0120		1,122
2007-08	9,017	864,003,333	21,700,029	21,700,029	0.0251		2,407

(1) Bureau of the Census.

(2) From Table 6

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

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County of Cumberland, Virginia's basic financial statements and have issued our report thereon dated January 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 12, 2009

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 the Board of Supervisors
County of Cumberland
Cumberland, Virginia

Compliance

We have audited the compliance of County of Cumberland, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Cumberland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Cumberland, Virginia's management. Our responsibility is to express an opinion on County of Cumberland, Virginia's compliance based on our audit.

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

In our opinion, the County of Cumberland, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 12, 2009

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2008

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
Primary Government:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Social Services:		
State administration matching grants for food stamp program	10.561	\$ 124,949
Rural Development:		
FmHA water and waste disposal	10.760	52,728
Total Department of Agriculture		<u>\$ 177,677</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass through payments:</u>		
Virginia Department of Transportation:		
State and community highway safety program	20.607	\$ 28,236
TEA21 - Transit planning and research grant	20.514	88,420
Total Department of Transportation		<u>\$ 116,656</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Pass through payments:</u>		
State homeland security grant program	97.044	\$ 376,010
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services:		
Family preservation and support	93.556	\$ 19,737
Temporary assistance to needy families	93.558	95,229
Refugee and entrant assistance	93.566	510
Low income home energy assistance	93.568	2,391
Payment for child care assistance	93.575	41,367
Child care and development	93.596	40,033
Independent living	93.599	225
Child welfare services	93.645	586
Foster care Title IV - E	93.658	38,718
Adoption assistance	93.659	20,546
Social services block grant	93.667	95,593
Independent living	93.674	1,494
State children's insurance program	93.767	4,733
Medical assistance	93.778	94,057
Total Department of Health and Human Services		<u>\$ 455,219</u>
Total Primary Government		<u>\$ 1,125,562</u>

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2008 (Continued)

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
Component Unit - School Board:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 47,028
Department of Education:		
National school breakfast program	10.553	122,321
National school lunch program	10.555	292,980
		<u>462,329</u>
Total Department of Agriculture		\$ 462,329
<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	\$ 12,283
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	433,199
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	318,674
Vocational Education:		
Basic grants to states (3E001311)	84.048	58,391
Adult literacy services	84.002	176,989
Special Projects:		
Drug Free Schools	84.186	6,750
Preschool handicap	84.173	7,266
Title II- Part A - Improving Teacher Quality	84.367	81,377
21st century grant	84.287	421,947
Title V Part A - Innovative programs	84.298	10,283
Gear up grant	84.000	13,850
Literacy Challenge	84.318	11,442
Reading first	84.357	145,086
		<u>1,697,537</u>
Total Department of Education		\$ 1,697,537
<u>DEPARTMENT OF LABOR:</u>		
<u>Direct payments:</u>		
Jr. ROTC payments	17.000	\$ 63,400
		<u>63,400</u>
Total Component Unit School Board		\$ 2,223,266
		<u>2,223,266</u>
Total Federal Assistance		\$ 3,348,828
		<u>3,348,828</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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	\$ 984,414
Capital Projects Fund	<u>141,148</u>
Total primary government	<u>\$ 1,125,562</u>

Component Unit Public Schools:

School Operating Fund	<u>\$ 2,176,238</u>
Total component unit public schools	<u>\$ 2,176,238</u>

Total federal expenditures per basic financial statements	<u>\$ 3,301,800</u>
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Non-cash expenditures - value of donated commodities	<u>\$ 47,028</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,348,828</u></u>
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COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027/ 84.173	Title VI-B - Handicapped State Grants - Preschool Incentive Cluster
97.044	Assistance to Firefighters Grant

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

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