



Financial Report
Year Ended June 30, 2012

County of Cumberland, Virginia

Financial Report

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County of Cumberland, Virginia

Financial Report
June 30, 2012

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Ginger Sanderson, Chairman

George Lee Dowdy
Eurika Tyree

Dr. Christine Ross
George Reid, Jr.

OTHER OFFICIALS

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

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

COUNTY OF CUMBERLAND, VIRGINIA

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Cumberland, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012, on our consideration of the County of Cumberland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension funding progress be presented to supplement the basic financial statements and schedules. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Cumberland, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supporting schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the 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 financial statements of the County of Cumberland, Virginia. The combining and individual fund financial statements and schedules, supporting schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
September 14, 2012

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, 2012.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$6,776,417 (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 \$63,473 (Exhibit 4). General Fund contributions to the School Board totaled \$3,393,457 for the current fiscal year.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$5,991,667 an increase of \$63,473 in comparison with the prior year.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$5,149,586 or 34% of total general fund expenditures.
- Governmental term obligations decreased \$2,177,637 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 \$6,776,417 at the close of the most recent fiscal year.

County of Cumberland's Net Assets

	Governmental		Business-type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 7,341,243	\$ 7,149,882	\$ 163,274	\$ 422,626	\$ 7,504,517	\$ 7,572,508
Capital assets	<u>34,055,335</u>	<u>36,517,412</u>	<u>7,694,047</u>	<u>7,873,269</u>	<u>41,749,382</u>	<u>44,390,681</u>
Total assets	<u>\$ 41,396,578</u>	<u>\$ 43,667,294</u>	<u>\$ 7,857,321</u>	<u>\$ 8,295,895</u>	<u>\$ 49,253,899</u>	<u>\$ 51,963,189</u>
Long-term liabilities outstanding	\$ 38,398,416	\$ 40,485,540	\$ 1,449,979	\$ 1,488,419	\$ 39,848,395	\$ 41,973,959
Current liabilities	<u>2,581,930</u>	<u>2,624,241</u>	<u>47,157</u>	<u>62,439</u>	<u>2,629,087</u>	<u>2,686,680</u>
Total liabilities	<u>\$ 40,980,346</u>	<u>\$ 43,109,781</u>	<u>\$ 1,497,136</u>	<u>\$ 1,550,858</u>	<u>\$ 42,477,482</u>	<u>\$ 44,660,639</u>
Net assets:						
Invested in capital , assets net of related debt	\$ (5,771,446)	\$ (5,259,660)	\$ 6,210,685	\$ 6,353,253	\$ 439,239	\$ 1,093,593
Restricted	787,647	791,781	-	-	787,647	791,781
Unrestricted	<u>5,400,031</u>	<u>5,025,392</u>	<u>149,500</u>	<u>391,784</u>	<u>5,549,531</u>	<u>5,417,176</u>
Total net assets	<u>\$ 416,232</u>	<u>\$ 557,513</u>	<u>\$ 6,360,185</u>	<u>\$ 6,745,037</u>	<u>\$ 6,776,417</u>	<u>\$ 7,302,550</u>

The County's net assets decreased \$526,133 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 \$141,281. Key elements of this decrease are as follows:

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 855,409	\$ 826,300	\$ 353,855	\$ 337,004	\$ 1,209,264	\$ 1,163,304
Operating grants and contributions	2,311,805	2,391,346	-	-	2,311,805	2,391,346
Capital grants and contributions	1,225,495	3,789,930	-	-	1,225,495	3,789,930
General revenues:						
General property taxes	8,448,999	8,518,154	-	-	8,448,999	8,518,154
Other local taxes	1,275,387	1,334,909	-	-	1,275,387	1,334,909
Grants and other contributions not restricted	966,551	976,825	-	-	966,551	976,825
Other general revenues	325,834	271,321	1,192	2,459	327,026	273,780
Total revenues	\$ 15,409,480	\$ 18,108,785	\$ 355,047	\$ 339,463	\$ 15,764,527	\$ 18,448,248
Expenses:						
General government administration	\$ 1,425,743	\$ 1,339,647	\$ -	\$ -	\$ 1,425,743	\$ 1,339,647
Judicial administration	471,552	438,398	-	-	471,552	438,398
Public safety	2,238,713	2,181,972	-	-	2,238,713	2,181,972
Public works	1,263,236	1,461,077	-	-	1,263,236	1,461,077
Health and welfare	1,762,706	1,903,164	-	-	1,762,706	1,903,164
Education	5,851,389	5,255,483	-	-	5,851,389	5,255,483
Parks, recreation, and cultural	223,140	208,402	-	-	223,140	208,402
Community development	367,939	729,559	-	-	367,939	729,559
Interest and other fiscal charges	2,039,794	2,150,144	-	-	2,039,794	2,150,144
Water and sewer	-	-	646,448	620,279	646,448	620,279
Total expenses	\$ 15,644,212	\$ 15,667,846	\$ 646,448	\$ 620,279	\$ 16,290,660	\$ 16,288,125
Increase(decrease) in net assets before transfers	\$ (234,732)	\$ 2,440,939	\$ (291,401)	\$ (280,816)	\$ (526,133)	\$ 2,160,123
Transfers	93,451	(12,467)	(93,451)	12,467	-	-
Change in net assets	\$ (141,281)	\$ 2,428,472	\$ (384,852)	\$ (268,349)	\$ (526,133)	\$ 2,160,123
Net assets, July 1, 2011	557,513	(1,870,959)	6,745,037	7,013,386	7,302,550	5,142,427
Net assets, June 30, 2012	\$ 416,232	\$ 557,513	\$ 6,360,185	\$ 6,745,037	\$ 6,776,417	\$ 7,302,550

Overview of the Financial Statements: (Continued)

Government-wide Financial Analysis: (Continued)

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$5,991,667, an increase of \$63,473 in comparison with the prior year. Approximately 86% of this total amount constitutes unassigned undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is segregated to indicate that is not available for new spending because it has already been committed.

Proprietary funds

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

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$193,580 and can be briefly summarized as follows:

- \$33,338 in increases for public works
- \$129,122 in increases for public safety
- \$46,110 in decreases for nondepartmental

Of this increase, \$131,751 was to be funded from state and federal revenues and other sources while the remainder was budgeted from available fund balance and other revenue increases.

Capital Asset and Debt Administration

- Capital assets—The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2012 totals \$41,749,382 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt—At the end of the current fiscal year, the County had total bonded debt outstanding of \$41,310,143. Of this amount \$39,826,781 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The County's total debt decreased \$1,986,945 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County was 6.9 percent in July 2012, which is the same as a year ago. This compares unfavorably to the state's average unemployment rate of 5.9 percent and favorably to the national rate of 8.3 percent.

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

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

The fiscal year 2013 General Fund's budget decreased from \$14,210,501 to \$13,814,967. The real estate and mobile home tax rate and other tax rates remained the same.

Requests for Information

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

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
At June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business - Type Activities	Total	School Board	IDA
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 4,209,955	\$ 223,067	\$ 4,433,022	\$ 646,413	\$ 232,671
Restricted assets	787,647	-	787,647	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	1,293,374	-	1,293,374	-	-
Accounts receivable	64,563	10,207	74,770	-	-
Notes receivable	-	-	-	-	44,444
Due from component units	584,921	-	584,921	-	-
Due from other governments	330,783	-	330,783	561,298	-
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	\$ 7,341,243	\$ 163,274	\$ 7,504,517	\$ 1,207,711	\$ 277,115
Noncurrent Assets:					
Capital assets:					
Land	\$ 142,089	\$ 22,458	\$ 164,547	\$ 121,421	\$ 535,846
Construction in progress	113,666	151,599	265,265	-	-
Buildings and equipment, net of depreciation	33,799,580	7,519,990	41,319,570	9,987,750	1,622,613
Total Noncurrent Assets	\$ 34,055,335	\$ 7,694,047	\$ 41,749,382	\$ 10,109,171	\$ 2,158,459
Total Assets	\$ 41,396,578	\$ 7,857,321	\$ 49,253,899	\$ 11,316,882	\$ 2,435,574
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 88,999	\$ 7,034	\$ 96,033	\$ 631,338	\$ 7,540
Due to primary government	-	-	-	540,477	44,444
Unearned revenue	125,824	1,235	127,059	-	-
Accrued interest payable	399,593	-	399,593	-	-
Long-term liabilities:					
Due within one year	1,967,514	38,888	2,006,402	103,943	21,995
Due in more than one year	40,916,151	1,449,979	42,366,130	1,535,406	1,933,344
Total Liabilities	\$ 43,498,081	\$ 1,497,136	\$ 44,995,217	\$ 2,811,164	\$ 2,007,323
DEFERRED OUTFLOW OF RESOURCES	(2,517,735)	-	(2,517,735)	-	-
Total Liabilities Net of Deferred Outflow of Resources	\$ 40,980,346	\$ 1,497,136	\$ 42,477,482	\$ 2,811,164	\$ 2,007,323
NET ASSETS					
Invested in capital assets, net of related debt	\$ (5,771,446)	\$ 6,210,685	\$ 439,239	\$ 8,826,766	\$ 203,940
Restricted for:					
Debt Service	787,647	-	787,647	-	-
Unrestricted assets	5,400,031	149,500	5,549,531	(321,048)	224,311
Total Net Assets	\$ 416,232	\$ 6,360,185	\$ 6,776,417	\$ 8,505,718	\$ 428,251
Total Liabilities and Net Assets	\$ 41,396,578	\$ 7,857,321	\$ 49,253,899	\$ 11,316,882	\$ 2,435,574

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

COUNTY OF CUMBERLAND, VIRGINIA

Statement of Activities
 Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,425,743	\$ 6,520	\$ 221,644	\$ -
Judicial administration	471,552	166,968	230,771	-
Public safety	2,238,713	117,549	672,941	-
Public works	1,263,236	507,021	5,000	1,225,495
Health and welfare	1,762,706	-	1,181,449	-
Education	5,851,389	-	-	-
Parks, recreation, and cultural	223,140	41,016	-	-
Community development	367,939	16,335	-	-
Interest on long-term debt	2,039,794	-	-	-
Total governmental activities	<u>\$ 15,644,212</u>	<u>\$ 855,409</u>	<u>\$ 2,311,805</u>	<u>\$ 1,225,495</u>
Business-type activities:				
Water and Sewer	\$ 646,448	\$ 353,855	\$ -	\$ -
Total business-type activities	<u>\$ 646,448</u>	<u>\$ 353,855</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 16,290,660</u>	<u>\$ 1,209,264</u>	<u>\$ 2,311,805</u>	<u>\$ 1,225,495</u>
COMPONENT UNITS:				
School Board	\$ 15,471,233	\$ 206,388	\$ 11,101,040	\$ -
IDA	161,793	-	214,179	-
Total component units	<u>\$ 15,633,026</u>	<u>\$ 206,388</u>	<u>\$ 11,315,219</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Communication taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
County contribution to IDA				
County contribution to School Board				
Transfers				
Total general revenues and 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	
\$ (1,197,579)	\$ -	\$ (1,197,579)	\$ -	\$ -	
(73,813)	-	(73,813)	-	-	
(1,448,223)	-	(1,448,223)	-	-	
474,280	-	474,280	-	-	
(581,257)	-	(581,257)	-	-	
(5,851,389)	-	(5,851,389)	-	-	
(182,124)	-	(182,124)	-	-	
(351,604)	-	(351,604)	-	-	
(2,039,794)	-	(2,039,794)	-	-	
<u>\$ (11,251,503)</u>	<u>\$ -</u>	<u>\$ (11,251,503)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (292,593)	\$ (292,593)	\$ -	\$ -	
\$ -	\$ (292,593)	\$ (292,593)	\$ -	\$ -	
<u>\$ (11,251,503)</u>	<u>\$ (292,593)</u>	<u>\$ (11,544,096)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,163,805)	\$ -	
-	-	-	-	52,386	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,163,805)</u>	<u>\$ 52,386</u>	
\$ 8,448,999	\$ -	\$ 8,448,999	\$ -	\$ -	
366,210	-	366,210	-	-	
356,315	-	356,315	-	-	
171,600	-	171,600	-	-	
230,236	-	230,236	-	-	
105,234	-	105,234	-	-	
45,793	-	45,793	-	-	
98,136	1,192	99,328	-	47,795	
227,698	-	227,698	574,718	-	
966,551	-	966,551	-	-	
-	-	-	-	7,723	
-	-	-	5,031,278	-	
93,451	(93,451)	-	-	-	
<u>\$ 11,110,222</u>	<u>\$ (92,259)</u>	<u>\$ 11,017,963</u>	<u>\$ 5,605,996</u>	<u>\$ 55,518</u>	
\$ (141,281)	\$ (384,852)	\$ (526,133)	\$ 1,442,191	\$ 107,904	
557,513	6,745,037	7,302,550	7,063,527	320,347	
<u>\$ 416,232</u>	<u>\$ 6,360,185</u>	<u>\$ 6,776,417</u>	<u>\$ 8,505,718</u>	<u>\$ 428,251</u>	

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2012

ASSETS	General	County Capital Projects	Total Governmental Funds
Cash and cash equivalents	\$ 4,173,999	\$ 35,956	\$ 4,209,955
Restricted assets	787,647	-	787,647
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	1,293,374	-	1,293,374
Accounts receivable	64,563	-	64,563
Due from component units	584,921	-	584,921
Due from other funds	70,000	-	70,000
Due from other governmental units	330,783	-	330,783
Total assets	<u>\$ 7,305,287</u>	<u>\$ 35,956</u>	<u>\$ 7,341,243</u>
LIABILITIES			
Accounts payable	\$ 63,033	\$ 25,966	\$ 88,999
Deferred revenue	1,260,577	-	1,260,577
Total liabilities	<u>\$ 1,323,610</u>	<u>\$ 25,966</u>	<u>\$ 1,349,576</u>
FUND BALANCES			
Nonspendable:			
IDA loan	\$ 44,444	\$ -	\$ 44,444
Restricted:			
Debt service	787,647	-	787,647
Assigned:			
Capital projects	-	9,990	9,990
Unassigned:			
General	5,149,586	-	5,149,586
Total fund balances	<u>\$ 5,981,677</u>	<u>\$ 9,990</u>	<u>\$ 5,991,667</u>
Total liabilities and fund balances	<u>\$ 7,305,287</u>	<u>\$ 35,956</u>	<u>\$ 7,341,243</u>

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

Total Fund Balances per Balance Sheet	\$ 5,991,667
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.	\$ 34,055,335
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(399,593)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	1,134,753
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities (total \$42,883,665 less derivative instrument liability \$2,517,735). All liabilities--both current and long-term--are reported in the statement of net assets.	(40,365,930)
Net assets of general government activities	<u>\$ 416,232</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, 2012

	General	County Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	\$ 8,400,789	\$ -	\$ 8,400,789
Other local taxes	1,284,734	-	1,284,734
Permits, privilege fees and regulatory licenses	61,946	-	61,946
Fines and forfeitures	156,539	-	156,539
Revenue from use of money and property	97,725	411	98,136
Charges for services	636,924	-	636,924
Miscellaneous	227,698	-	227,698
Intergovernmental:			
Henrico County	1,131,900	-	1,131,900
Commonwealth	2,713,303	68,595	2,781,898
Federal	565,053	25,000	590,053
Total revenues	\$ 15,276,611	\$ 94,006	\$ 15,370,617
Expenditures:			
Current:			
General government administration	\$ 1,387,411	\$ 45,850	\$ 1,433,261
Judicial administration	381,156	-	381,156
Public safety	2,071,323	101,640	2,172,963
Public works	1,308,082	4,145	1,312,227
Health and welfare	1,773,658	-	1,773,658
Education	3,396,086	232,854	3,628,940
Parks, recreation, and cultural	220,829	-	220,829
Community development	345,169	17,218	362,387
Nondepartmental	80,400	-	80,400
Debt service:			
Principal retirement	2,033,613	-	2,033,613
Interest and other fiscal charges	2,001,161	-	2,001,161
Total expenditures	\$ 14,998,888	\$ 401,707	\$ 15,400,595
Excess (deficiency) of revenues over (under) expenditures	\$ 277,723	\$ (307,701)	\$ (29,978)
Other financing sources (uses):			
Transfers in	\$ 23,826	\$ 426,807	\$ 450,633
Transfers (out)	(225,807)	(131,375)	(357,182)
Total other financing sources (uses)	\$ (201,981)	\$ 295,432	\$ 93,451
Net change in fund balances	\$ 75,742	\$ (12,269)	\$ 63,473
Fund balances at beginning of year	5,905,935	22,259	5,928,194
Fund balances at end of year	\$ 5,981,677	\$ 9,990	\$ 5,991,667

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2012

		<u>Primary Government 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	\$	63,473
<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	\$ 100,117	
Depreciation expense	<u>(1,151,665)</u>	(1,051,548)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,410,529)
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.		119,264
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:</p>		
Principal retired on note payable and general obligation bonds	\$ 1,713,404	
Change in landfill closure and post-closure care	128,498	
Principal retired on state literary fund loans	<u>236,887</u>	2,078,789
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	\$ 14,583	
Change in interest payable	<u>44,687</u>	<u>59,270</u>
Change in net assets of governmental activities	\$	<u><u>(141,281)</u></u>

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

Statement of Net Assets - Proprietary Funds
At June 30, 2012

	<u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 223,067
Accounts receivable	10,207
	<u>233,274</u>
Total current assets	\$ 233,274
Noncurrent assets:	
Capital Assets:	
Land	\$ 22,458
Construction in progress	151,599
Buildings and equipment, net of depreciation	7,519,990
	<u>7,694,047</u>
Total noncurrent assets	\$ 7,694,047
Total Assets	<u>\$ 7,927,321</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,034
Customer deposits	1,235
Due to other funds	70,000
Current portion of long-term obligations	38,888
	<u>117,157</u>
Total current liabilities	\$ 117,157
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	\$ 1,449,979
	<u>1,449,979</u>
Total Liabilities	\$ 1,567,136
Net Assets	
Invested in capital assets, net of related debt	\$ 6,210,685
Unrestricted assets	149,500
	<u>6,360,185</u>
Total Net Assets	\$ 6,360,185
Total Liabilities and Net Assets	<u>\$ 7,927,321</u>

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

Statement of Revenues, Expenses and Changes in Net Assets -
 Proprietary Funds
 Year Ended June 30, 2012

	<u>Water & Sewer Fund</u>
Operating revenues:	
Water	\$ 101,803
Sewer	237,687
Other charges for services	<u>14,365</u>
Total revenues	<u>\$ 353,855</u>
Operating expenses:	
Salaries	\$ 112,653
Fringe benefits	47,103
Contracted services	3,862
Other operating expenses	134,189
Depreciation	<u>280,990</u>
Total operating expenses	<u>\$ 578,797</u>
Operating income (loss)	<u>\$ (224,942)</u>
Non-operating revenues (expenses):	
Interest income	\$ 1,192
Interest expense	<u>(67,651)</u>
Total nonoperating revenues (expenses)	<u>\$ (66,459)</u>
Income (loss) before transfers	<u>\$ (291,401)</u>
Transfers in	\$ 131,375
Transfers (out)	<u>(224,826)</u>
Total transfers	<u>\$ (93,451)</u>
Change in net assets	\$ (384,852)
Net assets at beginning of year	<u>6,745,037</u>
Net assets at end of year	<u><u>\$ 6,360,185</u></u>

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

Statement of Cash Flows -
 Proprietary Funds
 Year Ended June 30, 2012

	<u>Water & Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 352,434
Payments for salaries and fringe benefits	(159,869)
Payments for operating activities	<u>(156,241)</u>
Net cash provided by (used in) operating activities	<u>\$ 36,324</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (36,654)
Purchase of capital assets	(101,768)
Transfer from County for capital projects	131,375
Interest paid on loans	<u>(67,651)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (74,698)</u>
Cash flows from noncapital financing activities:	
Transfers (out)	<u>\$ (224,826)</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ (224,826)</u>
Cash flows from investing activities:	
Interest earned	<u>\$ 1,192</u>
Net cash provided by (used in) investing activities	<u>\$ 1,192</u>
Increase (decrease) in cash and cash equivalents	\$ (262,008)
Cash and cash equivalents at beginning of year	<u>485,075</u>
Cash and cash equivalents at end of year	<u><u>\$ 223,067</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (224,942)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:	
Depreciation	280,990
Changes in operating assets and liabilities:	
(Increase)/decrease in accounts receivable	(2,656)
Increase/(decrease) in accounts payable and accrued expenses	<u>(17,068)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 36,324</u></u>

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

Statement of Fiduciary Net Assets
 At June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>210,261</u>
LIABILITIES	
Amounts held for others	\$ <u>210,261</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, 2012

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

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

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

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

A. Financial Reporting Entity

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

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

Discretely Presented Component Units—The School Board members are elected and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report and does not have separate taxing powers. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2012.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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.

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

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

2. Proprietary Funds

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

Enterprise Funds

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

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.

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

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

The County reports the following major enterprise funds:

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

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

E. Budgets and Budgetary Accounting

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

1. Prior to March 15, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary 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, 2012 (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.

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.

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.

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 "advances 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 \$189,212 at June 30, 2012 and is comprised of property taxes in the amount of \$173,609 and utility accounts in the amount of \$15,603.

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, 2012 (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 the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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.

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

L. Fund Equity

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

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

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

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

M. Retirement Plan

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

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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

O. Net Assets

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

Note 2—Deposits and Investments:

Deposits

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

Investments

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

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, 2012 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments	County's Rate Debt Investments' Values	
	Fair Quality Ratings	
	AAA	AA+
Local Government Investment Pool	\$ 5,251	\$ -
U.S. Treasury Money Market	25,897	-
FNMA Note	-	306,000
Bear Stearns Fund	384,625	-
Total	\$ 415,773	\$ 306,000

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk:

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

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
FNMA Note	\$ 306,000	\$ 306,000	\$ -	\$ -	\$ -
Bear Stearns Fund	384,625	384,625	-	-	-
	<u>\$ 690,625</u>	<u>\$ 690,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

External Investment Pools:

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

Note 3—Due From Other Governmental Units:

At June 30, 2012 the County and School Board had receivables from other governments as follows:

	Primary Government	Component Unit - School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 253,754
Local sales taxes	28,043	-
Communication taxes	32,460	-
Public assistance	28,441	-
Comprehensive services	52,240	-
Shared expenses	80,764	-
Other	67,060	-
Federal Government:		
School funds		307,544
Public assistance	41,775	-
Total	<u>\$ 330,783</u>	<u>\$ 561,298</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

Primary Government:

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

Details of obligations between the primary government and its component units as of June 30, 2012 are as follows:

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 584,921	-
Component Unit-School Board:		
School Operating	-	540,477
Component Unit-Industrial Development Authority:		
Industrial Development Authority	-	44,444
Total	<u>\$ 584,921</u>	<u>\$ 584,921</u>

Note 5—Interfund Transfers:

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 23,826	\$ 225,807
County Capital Projects	426,807	131,375
Water and Sewer	131,375	224,826
Total	<u>\$ 582,008</u>	<u>\$ 582,008</u>

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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, 2012 the note balance is \$44,444.

Note 7—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
County:				
Capital assets, not being depreciated:				
Land	\$ 142,089	\$ -	\$ -	\$ 142,089
Construction in progress	<u>109,521</u>	<u>4,145</u>	<u>-</u>	<u>113,666</u>
 Total capital assets not being depreciated	 \$ <u>251,610</u>	 \$ <u>4,145</u>	 \$ <u>-</u>	 \$ <u>255,755</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,790,627	\$ -	\$ -	\$ 6,790,627
Equipment including vehicles	2,451,861	95,972	-	2,547,833
Jointly owned assets	<u>34,097,064</u>	<u>-</u>	<u>1,620,291</u>	<u>32,476,773</u>
 Total capital assets being depreciated	 \$ <u>43,339,552</u>	 \$ <u>95,972</u>	 \$ <u>1,620,291</u>	 \$ <u>41,815,233</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,957,664	\$ 178,565	\$ -	\$ 2,136,229
Equipment	2,094,675	161,180	-	2,255,855
Jointly owned assets	<u>3,021,411</u>	<u>811,920</u>	<u>209,762</u>	<u>3,623,569</u>
 Total accumulated depreciation	 \$ <u>7,073,750</u>	 \$ <u>1,151,665</u>	 \$ <u>209,762</u>	 \$ <u>8,015,653</u>
 Total capital assets being depreciated, net	 \$ <u>36,265,802</u>	 \$ <u>(1,055,693)</u>	 \$ <u>1,410,529</u>	 \$ <u>33,799,580</u>
 Governmental activities capital assets, net	 \$ <u><u>36,517,412</u></u>	 \$ <u><u>(1,051,548)</u></u>	 \$ <u><u>1,410,529</u></u>	 \$ <u><u>34,055,335</u></u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Capital Assets: (Continued)

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

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Business-type activities:				
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 22,458	\$ -	\$ -	\$ 22,458
Construction in progress	<u>95,337</u>	<u>56,262</u>	<u>-</u>	<u>151,599</u>
Total capital assets not being depreciated	<u>\$ 117,795</u>	<u>\$ 56,262</u>	<u>\$ -</u>	<u>\$ 174,057</u>
Capital assets being depreciated:				
Equipment	\$ 97,116	\$ 45,506	\$ -	\$ 142,622
Water and sewer lines	7,335,128	-	-	7,335,128
Reservoir	1,932,398	-	-	1,932,398
Buildings	<u>1,511,814</u>	<u>-</u>	<u>-</u>	<u>1,511,814</u>
Total capital assets being depreciated	<u>\$ 10,876,456</u>	<u>\$ 45,506</u>	<u>\$ -</u>	<u>\$ 10,921,962</u>
Less accumulated depreciation:				
Equipment	\$ 93,034	\$ 2,041	\$ -	\$ 95,075
Water and sewer lines	2,139,382	183,378	-	2,322,760
Reservoir	241,550	48,310	-	289,860
Buildings	<u>647,016</u>	<u>47,261</u>	<u>-</u>	<u>694,277</u>
Total accumulated depreciation	<u>\$ 3,120,982</u>	<u>\$ 280,990</u>	<u>\$ -</u>	<u>\$ 3,401,972</u>
Total capital assets being depreciated, net	<u>\$ 7,755,474</u>	<u>\$ (235,484)</u>	<u>\$ -</u>	<u>\$ 7,519,990</u>
Net capital assets	<u>\$ 7,873,269</u>	<u>\$ (179,222)</u>	<u>\$ -</u>	<u>\$ 7,694,047</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Component Unit - School Board:				
Capital assets, not being depreciated:				
Land	\$ 121,421	\$ -	\$ -	\$ 121,421
Total capital assets not being depreciated	<u>\$ 121,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,421</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 5,790,156	\$ 227,292	\$ -	\$ 6,017,448
Equipment including vehicles	3,023,224	156,848	-	3,180,072
Jointly owned assets	<u>6,827,134</u>	<u>1,620,291</u>	<u>-</u>	<u>8,447,425</u>
Total capital assets being depreciated	<u>\$ 15,640,514</u>	<u>\$ 2,004,431</u>	<u>\$ -</u>	<u>\$ 17,644,945</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 3,318,647	\$ 339,611	\$ -	\$ 3,658,258
Equipment	2,477,000	87,848	-	2,564,848
Jointly owned assets	<u>1,224,327</u>	<u>209,762</u>	<u>-</u>	<u>1,434,089</u>
Total accumulated depreciation	<u>\$ 7,019,974</u>	<u>\$ 637,221</u>	<u>\$ -</u>	<u>\$ 7,657,195</u>
Total capital assets being depreciated, net	<u>\$ 8,620,540</u>	<u>\$ 1,367,210</u>	<u>\$ -</u>	<u>\$ 9,987,750</u>
Governmental activities capital assets, net	<u><u>\$ 8,741,961</u></u>	<u><u>\$ 1,367,210</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,109,171</u></u>
Industrial Development Authority:				
Capital assets, not being depreciated:				
Land	\$ 535,846	\$ -	\$ -	\$ 535,846
Construction in progress	<u>29,349</u>	<u>14,786</u>	<u>44,135</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 565,195</u>	<u>\$ 14,786</u>	<u>\$ 44,135</u>	<u>\$ 535,846</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,661,556	\$ 44,135	\$ -	\$ 1,705,691
Less accumulated depreciation:				
Buildings and improvements	<u>41,539</u>	<u>41,539</u>	<u>-</u>	<u>83,078</u>
Total capital assets being depreciated, net	<u>\$ 1,620,017</u>	<u>\$ 2,596</u>	<u>\$ -</u>	<u>\$ 1,622,613</u>
Net capital assets	<u><u>\$ 2,185,212</u></u>	<u><u>\$ 17,382</u></u>	<u><u>\$ 44,135</u></u>	<u><u>\$ 2,158,459</u></u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Capital Assets: (Continued)

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

Governmental activities:		
General government administration	\$	24,792
Judicial administration		89,532
Public safety		127,259
Public works		88,318
Health and welfare		4,426
Education		811,920
Parks, recreation and cultural		3,640
Community development		<u>1,778</u>
Total	\$	<u>1,151,665</u>
Component Unit-School Board	\$	<u>427,459</u>
Sewer and Sewer Fund	\$	<u>280,990</u>
Industrial Development Authority	\$	<u>41,539</u>
* Depreciation expense above	\$	427,459
Accumulated depreciation - joint tenancy assets		<u>209,762</u>
Total accumulated depreciation prior page	\$	<u>637,221</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2012 consist of the following:

Cash reserves for debt service-school	\$	474,314
Cash reserves for debt service-courthouse		<u>313,333</u>
Total	\$	<u>787,647</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,260,577 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,133,518 at June 30, 2012.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled \$127,059 at June 30, 2012.

Note 10—Long-Term Debt:

Primary Government:

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2012:

	<u>Amounts Payable at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated absences payable	\$ 234,707	\$ 84,265	\$ 98,848	\$ 220,124	\$ 22,013
Landfill closure	447,523	-	128,498	319,025	-
General obligations bonds	15,175,186	-	908,404	14,266,782	938,834
VACO/VML direct loan program	23,865,000	-	805,000	23,060,000	840,000
Derivative instrument liability	818,389	1,699,346	-	2,517,735	-
Literary fund loans	2,736,886	-	236,887	2,499,999	166,667
Total Governmental Activities	<u>\$ 43,277,691</u>	<u>\$ 1,783,611</u>	<u>\$ 2,177,637</u>	<u>\$ 42,883,665</u>	<u>\$ 1,967,514</u>
Business-Type Activities:					
Water and Sewer Fund:					
Compensated absences payable	\$ 5,618	-	\$ 113	\$ 5,505	\$ 551
Revenue Bonds	1,520,016	-	36,654	1,483,362	38,337
Total Business-Type Activities	<u>\$ 1,525,634</u>	<u>\$ -</u>	<u>\$ 36,767</u>	<u>\$ 1,488,867</u>	<u>\$ 38,888</u>
Total primary government	<u>\$ 44,803,325</u>	<u>\$ 1,783,611</u>	<u>\$ 2,214,404</u>	<u>\$ 44,372,532</u>	<u>\$ 2,006,402</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Long-Term Debt: (Continued)

Primary Government: (continued)

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

Year Ending June 30,	Governmental						Business-Type	
	General Obligation Bonds		Literary Fund Loans		VACO/VML Note Long-Term		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 938,834	\$ 710,320	\$ 166,667	\$ 75,000	\$ 840,000	\$ 1,058,483	\$ 38,337	\$ 65,967
2014	974,810	659,939	166,667	70,000	885,000	1,018,457	40,098	64,206
2015	1,011,360	607,099	166,667	65,000	925,000	975,274	41,940	62,364
2016	1,048,514	551,979	166,667	60,000	965,000	930,778	43,867	60,437
2017	1,096,304	494,256	166,667	55,000	1,015,000	884,697	45,882	58,422
2018	1,139,764	433,717	166,667	50,000	1,060,000	835,941	47,990	56,314
2019	803,928	382,681	166,667	45,000	1,110,000	785,091	50,195	54,109
2020	828,834	341,792	166,667	40,000	1,160,000	732,227	52,501	51,803
2021	854,518	299,525	166,667	35,000	1,215,000	676,436	54,913	49,391
2022	886,024	255,708	166,666	30,000	1,275,000	617,816	57,435	46,869
2023	915,928	212,628	166,666	25,000	1,335,000	556,705	60,074	44,230
2024	941,612	168,013	166,666	20,000	1,400,000	492,751	62,834	41,470
2025	675,584	126,917	166,666	15,000	1,460,000	425,824	65,720	38,584
2026	695,548	91,953	166,666	10,000	1,530,000	355,507	68,739	35,565
2027	716,556	55,944	166,666	5,000	1,605,000	281,979	71,897	32,407
2028	738,664	18,836	-	-	1,680,000	205,086	75,200	29,104
2029	-	-	-	-	1,755,000	124,600	78,655	25,649
2030	-	-	-	-	1,845,000	40,146	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	\$ 14,266,782	\$ 5,411,304	\$ 2,499,999	\$ 600,000	\$ 23,060,000	\$ 10,997,798	\$ 1,483,362	\$ 889,079

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Long-Term Debt: (Continued)

Primary Government: (continued)

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

General Obligation Bonds:

\$4,190,000 obligation dated June 24, 1997, payable in various principal annual installments through July 15, 2017, interest payable semi-annually at rates ranging from 4.80% to 6.375%	\$ 1,860,000
\$11,620,646 obligation dated November 8, 2007, payable in various principal annual installments through July 15, 2027, interest payable semi-annually at 5.1%	9,731,782
\$3,845,000 obligation dated October 1, 2001, payable in various principal annual installments through July 1, 2023, interest payable semi-annually at 4.627%	<u>2,675,000</u>
Total General Obligation Bonds	<u>\$ 14,266,782</u>

VACO/VMLDIRECT LOAN PROGRAM:

\$20,200,000 VACO/VML public improvement note, series 2008, issued December 17, 2008, due in principal annual payments through December 1, 2029, interest payable monthly at 3.29%	\$ 18,385,000
\$5,000,000 VACO/VML public improvement note, issued November 2, 2009, due in principal annual payments through November 1, 2029, interest payable monthly at 3.3975%	<u>4,675,000</u>
Total VACO/VML DIRECT LOAN PROGRAM	<u>\$ 23,060,000</u>

State Literary Fund Loans:

\$5,000,000, issued February 27, 1997, due in principal annual installments of \$166,667, interest payable annually at 3%	<u>\$ 2,499,999</u>
Total State Literary Fund Loans	<u>\$ 2,499,999</u>
Accrued compensated absences	<u>\$ 220,124</u>
Derivative instrument liability	<u>\$ 2,517,735</u>
Landfill closure	<u>\$ 319,025</u>
Total governmental fund long-term obligations	<u>\$ 42,883,665</u>
Total Primary Government	<u>\$ 44,372,532</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Long-Term Debt: (Continued)

Primary Government: (continued)

Business-Type Activities:

Revenue Bonds Payable:

\$1,548,800 series 1995 and Series A Sewer Revenue Bonds. Series A of \$772,000 and Series B of \$776,800 issued October 31, 1995 through the Commonwealth of Virginia. Interest payable for Series and Series A at 4.50% per year, interest only payable on the first and second anniversary dates of closing and thereafter payable in monthly installments of combined principal and interest of \$3,544 for Series A and \$3,566 for Series B each month for a period of thirty-eight years, until paid, each payment to be applied first to interest accrued to such payment date and then to principal, and such financial installment, if not sooner paid, to be due and payable within forty years. \$ 1,209,539

\$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. 273,823

Total Revenue Bonds \$ 1,483,362

Accrued compensated absences 5,505

Total Business-Type Activities \$ 1,488,867

Interest rate swap

Objective of the interest rate swap.

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Long-Term Debt: (Continued)

Primary Government: (continued)

Interest rate swap: (Continued)

Terms - November 2009 issue - The bonds and the related swap agreement mature on November 1, 2029. The swap's notional value of \$5,271,039 is more than the balance outstanding on the bonds payable of \$4,675,000. The difference of \$596,039 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the County.

Terms - November 2008 issue - The bonds and the related swap agreement mature on December 1, 2029. The swap's notional value of \$20,306,696 is more than the balance outstanding on the bonds payable of \$18,385,000. The difference of \$1,921,696 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the County.

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

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

	<u>\$5,000,000</u>	<u>\$20,200,000</u>	<u>Total</u>
Fair value	\$ 596,039	\$ 1,921,696	\$ 2,517,735
Change in fair value	326,971	1,372,375	1,699,346

Component Unit School Board:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2012:

	<u>Amounts Payable at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 351,383	\$ 35,854	\$ 30,293	\$ 356,944	\$ 35,694
Ameresco Performance Contract	<u>1,344,056</u>	<u>-</u>	<u>61,651</u>	<u>1,282,405</u>	<u>68,249</u>
Total	<u>\$ 1,695,439</u>	<u>\$ 35,854</u>	<u>\$ 91,944</u>	<u>\$ 1,639,349</u>	<u>\$ 103,943</u>
Industrial Development Authority					
Rural Development Loan	<u>\$ 1,976,447</u>	<u>\$ -</u>	<u>\$ 21,108</u>	<u>\$ 1,955,339</u>	<u>\$ 21,995</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Long-Term Debt: (Continued)

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

Year Ending June 30,	School Board		IDA	
	Ameresco Performance Contract		Rural Development Loan	
	Principal	Interest	Principal	Interest
2013	\$ 68,249	\$ 62,197	\$ 21,995	\$ 80,245
2014	75,271	58,887	22,920	79,320
2015	82,742	55,236	23,883	78,357
2016	90,685	51,223	24,887	77,353
2017	99,127	46,825	25,934	76,307
2018	108,096	42,017	27,024	75,216
2019	117,620	36,774	28,160	74,080
2020	127,730	31,070	29,343	72,897
2021	138,458	24,875	30,577	71,663
2022	149,838	18,160	31,862	70,378
2023	161,905	10,893	33,202	69,038
2024	62,684	3,040	34,598	67,642
2025	-	-	36,052	66,188
2026	-	-	37,568	64,672
2027	-	-	39,147	63,093
2028	-	-	40,793	61,447
2029	-	-	42,508	59,732
2030	-	-	44,295	57,945
2031	-	-	46,157	56,083
2032	-	-	48,097	54,143
2033	-	-	50,119	52,121
2034	-	-	52,226	50,014
2035	-	-	54,421	47,819
2036	-	-	56,709	45,531
2037	-	-	59,093	43,147
2038	-	-	61,577	40,663
2039	-	-	64,166	38,074
2040	-	-	66,863	35,377
2041	-	-	69,674	32,566
2042	-	-	72,603	29,637
2043	-	-	75,656	29,584
2044	-	-	78,836	23,404
2045	-	-	82,150	20,090
2046	-	-	85,604	16,636
2047	-	-	89,202	13,038
2048	-	-	92,952	9,288
2049	-	-	96,860	5,380
2050	-	-	77,626	1,380
Total	\$ 1,282,405	\$ 441,197	\$ 1,955,339	\$ 1,909,548

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Long-Term Debt: (Continued)

Details of long-term obligations are as follows:

Component Unit School Board:

Ameresco performance contract lease, payable in various annual installments through June 2024. Interest payable at 4.85%. The total cost of the building was \$1,621,471.	\$ 1,282,405
Compensated absences	<u>356,944</u>
Total long-term obligations	<u><u>\$ 1,639,349</u></u>

Industrial Development Authority:

\$2,000,000 Rural Development loan dated April 23, 2010 payable in monthly installments of \$8,520 beginning May 23, 2010 through April 23, 2050, interest at 4.1%	<u><u>\$ 1,955,339</u></u>
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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 \$319,025 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, 2012 (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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

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

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2011-Annual-Report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% 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 its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's and School's non-professional employees’ contribution rates for the fiscal year ended 2012 were 9.09% and 5.53% of annual covered payroll, respectively.

The School Board’s contributions for professional employees were \$433,633, \$623,853, and \$614,122 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011, and 2010, respectively and these contributions represented 6.33%, 3.93%, and 8.81% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2012, the County’s annual pension cost of \$271,268 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, 2012	\$ 271,268	100%	\$ -
June 30, 2011	261,393	100%	-
June 30, 2010	218,644	100%	-

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 12—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

For fiscal year 2012, the County School Board’s annual pension cost for the Board’s non-professional employees was \$37,884 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, 2012	\$ 37,884	100%	\$ -
June 30, 2011	38,129	100%	-
June 30, 2010	42,852	100%	-

(1) Employer portion

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and 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. County and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the County’s plan was 81.23% funded. The actuarial accrued liability for benefits was \$9,976,887, and the actuarial value of assets was \$8,104,524, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,872,363. The covered payroll (annual payroll of active employees covered by the plan) was \$2,719,937 and ratio of the UAAL to the covered payroll was 68.84%.

As of June 30, 2011 the most recent actuarial valuation date, the County School Board’s plan was 102.79% funded. The actuarial accrued liability for benefits was \$2,114,263, and the actuarial value of assets was \$2,173,296 resulting in an unfunded actuarial accrued liability (UAAL) of (\$59,033). The covered payroll (annual payroll of active employees covered by the plan) was \$673,208, and ratio of UAAL to the covered payroll was (8.77%).

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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 13—Risk Management:

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

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

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

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

Note 14—Litigation:

At June 30, 2012, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 15—Surety Bond Information:

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 16—Contingent Liabilities:

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

Note 17—Post Employment Benefits Other Than Pensions:

The Government offers post-employment medical coverage to its retired employees, however has no employees enrolled in the program. The Government has elected not to obtain an actuarial valuation to determine liability for this benefit in accordance with the financial reporting requirements of GASB45 and believes there is no material effect on the County's financial position.

Note 18— Subsequent Event:

On June 1, 2012, the County entered into a loan and grant funding agreement for a water line expansion on Route 60 with the U.S. Department of Agriculture for a loan up to \$939,000 and grant funding up to \$1,000,000. As of June 30, 2012 no loan funds and/or grant funds were drawn down on this project. At the time of the report issuance the principal loan amount is not finalized thus no amounts are recorded in these financial statements.

On September 1, 2012 the County of Cumberland, Virginia and SunTrust Bank executed a deed and agreement of financing lease to refund the Series 2001 General Obligation Bonds which had an outstanding balance of \$2,675,000 at June 30, 2012. Proceeds from the SunTrust Loan totaling \$2,223,000 and debt service reserve funds in the amount of \$309,321 were used to refund the 2001 bonds.

On August 1, 2012 the County of Cumberland, Virginia and SunTrust Bank entered a deed and financing lease in the amount of \$20,610,000 to refund VACO / VML Public Improvement Notes, Series 2008, in the amount of \$18,385,000 and to pay Bank of America \$2,006,000 for a SWAP termination fee along with other issuance costs.

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, 2012

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 8,345,500	\$ 8,345,500	\$ 8,400,789	\$ 55,289
Other local taxes	1,356,000	1,356,000	1,284,734	(71,266)
Permits, privilege fees and regulatory licenses	64,900	64,900	61,946	(2,954)
Fines and forfeitures	135,000	141,101	156,539	15,438
Revenue from use of money and property	93,300	97,793	97,725	(68)
Charges for services	639,610	646,127	636,924	(9,203)
Miscellaneous	174,000	207,710	227,698	19,988
Intergovernmental:				
Henrico County	1,131,900	1,131,900	1,131,900	-
Commonwealth	2,846,096	2,977,847	2,713,303	(264,544)
Federal	824,128	824,128	565,053	(259,075)
Total revenues	\$ 15,610,434	\$ 15,793,006	\$ 15,276,611	\$ (516,395)
Expenditures:				
Current:				
General government administration	\$ 1,372,897	\$ 1,406,222	\$ 1,387,411	\$ 18,811
Judicial administration	381,579	382,386	381,156	1,230
Public safety	1,953,863	2,082,985	2,071,323	11,662
Public works	1,275,028	1,308,366	1,308,082	284
Health and welfare	2,429,726	2,435,531	1,773,658	661,873
Education	3,490,047	3,490,047	3,396,086	93,961
Parks, recreation, and cultural	195,669	220,829	220,829	-
Community development	382,020	389,660	345,169	44,491
Nondepartmental	133,464	87,354	80,400	6,954
Debt service:				
Principal retirement	2,033,613	2,033,613	2,033,613	-
Interest and other fiscal charges	1,997,556	2,002,049	2,001,161	888
Total expenditures	\$ 15,645,462	\$ 15,839,042	\$ 14,998,888	\$ 840,154
Excess (deficiency) of revenues over (under) expenditures	\$ (35,028)	\$ (46,036)	\$ 277,723	\$ 323,759
Other financing sources (uses):				
Transfers in	\$ 23,826	\$ 23,826	\$ 23,826	\$ -
Transfers (out)	(221,320)	(225,808)	(225,807)	1
Total other financing sources (uses)	\$ (197,494)	\$ (201,982)	\$ (201,981)	\$ 1
Net change in fund balance	\$ (232,522)	\$ (248,018)	\$ 75,742	\$ 323,760
Fund balance at beginning of year	232,522	248,018	5,905,935	5,657,917
Fund balance at end of year	\$ -	\$ -	\$ 5,981,677	\$ 5,981,677

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)
6/30/2011	\$ 8,104,524	\$ 9,976,887	\$ 1,872,363	81.23%	\$ 2,719,937	68.84%
6/30/2010	7,721,134	9,665,486	1,944,352	79.88%	3,011,657	64.56%
6/30/2009	7,472,618	8,605,107	1,132,489	86.84%	2,896,185	39.10%

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)
6/30/2011	\$ 2,173,296	\$ 2,114,263	\$ (59,033)	102.79%	\$ 673,208	(8.77%)
6/30/2010	2,123,277	1,982,454	(140,823)	107.10%	722,786	(19.48%)
6/30/2009	2,131,111	2,067,259	(63,852)	103.09%	813,801	(7.85%)

Other Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -- Capital Projects Funds
 Year Ended June 30, 2012

	County Capital Projects Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 411	\$ 411
Intergovernmental:				
Commonwealth	-	-	68,595	68,595
Federal	-	-	25,000	25,000
Total revenues	\$ -	\$ -	\$ 94,006	\$ 94,006
Expenditures:				
Current:				
General government administration	\$ 63,000	\$ 52,037	\$ 45,850	\$ 6,187
Public safety	96,500	101,640	101,640	-
Public works	-	4,145	4,145	-
Education	-	233,677	232,854	823
Community development	61,820	67,220	17,218	50,002
Total expenditures	\$ 221,320	\$ 458,719	\$ 401,707	\$ 57,012
Excess (deficiency) of revenues over (under) expenditures	\$ (221,320)	\$ (458,719)	\$ (307,701)	\$ 151,018
Other financing sources (uses):				
Transfers in	\$ 422,320	\$ 422,320	\$ 426,807	\$ 4,487
Transfers (out)	(201,000)	(201,000)	(131,375)	69,625
Total other financing sources (uses)	\$ 221,320	\$ 221,320	\$ 295,432	\$ 74,112
Net change in fund balances	\$ -	\$ (237,399)	\$ (12,269)	\$ 225,130
Fund balance at beginning of year	-	237,399	22,259	(215,140)
Fund balance at end of year	\$ -	\$ -	\$ 9,990	\$ 9,990

Combining Statement of Fiduciary Net Assets -
 Agency Funds
 At June 30, 2012

	Agency Funds			Totals
	Special Welfare Fund	Health Insurance Fund	Sheriff's Forfeiture Fund	
ASSETS				
Cash and cash equivalents	\$ 13,382	\$ 67,802	\$ 129,077	\$ 210,261
Total assets	<u>\$ 13,382</u>	<u>\$ 67,802</u>	<u>\$ 129,077</u>	<u>\$ 210,261</u>
LIABILITIES				
Amounts held for sheriff	\$ -	\$ -	\$ 129,077	\$ 129,077
Amounts held for social services clients	13,382	-	-	13,382
Amounts held for insurance benefits	-	67,802	-	67,802
Total liabilities	<u>\$ 13,382</u>	<u>\$ 67,802</u>	<u>\$ 129,077</u>	<u>\$ 210,261</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2012

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 13,826	\$ 26,317	\$ 26,761	\$ 13,382
Liabilities:				
Amounts held for social service clients	\$ 13,826	\$ 26,317	\$ 26,761	\$ 13,382
Sheriff's Forfeiture Fund:				
Assets:				
Cash and cash equivalents	\$ 135,256	\$ 3,513	\$ 9,692	\$ 129,077
Liabilities:				
Amounts held for sheriff	\$ 135,256	\$ 3,513	\$ 9,692	\$ 129,077
Health Insurance Fund:				
Assets:				
Cash and cash equivalents	\$ 345,442	\$ 1,995,425	\$ 2,273,065	\$ 67,802
Liabilities:				
Amounts held for insurance benefits	\$ 345,442	\$ 1,995,425	\$ 2,273,065	\$ 67,802
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 494,524	\$ 2,025,255	\$ 2,309,518	\$ 210,261
Liabilities:				
Amounts held for social service clients	\$ 13,826	\$ 26,317	\$ 26,761	\$ 13,382
Amounts held for insurance benefits	345,442	1,995,425	2,273,065	67,802
Amounts held for sheriff	135,256	3,513	9,692	129,077
Total liabilities	\$ 494,524	\$ 2,025,255	\$ 2,309,518	\$ 210,261

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Discretely Presented Component–Unit School Board

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Combining Balance Sheet -
Discretely Presented Component Unit - School Board
At June 30, 2012

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 610,517	\$ 35,896	\$ 646,413
Due from other governmental units	<u>561,298</u>	<u>-</u>	<u>561,298</u>
Total assets	<u>\$ 1,171,815</u>	<u>\$ 35,896</u>	<u>\$ 1,207,711</u>
LIABILITIES			
Accounts payable	\$ 20,821	\$ -	\$ 20,821
Accrued liabilities	610,517	-	610,517
Due to primary government	<u>540,477</u>	<u>-</u>	<u>540,477</u>
Total liabilities	<u>\$ 1,171,815</u>	<u>\$ -</u>	<u>\$ 1,171,815</u>
FUND BALANCES			
Restricted:			
Special Revenue	<u>\$ -</u>	<u>\$ 35,896</u>	<u>\$ 35,896</u>
Total fund balances	<u>\$ -</u>	<u>\$ 35,896</u>	<u>\$ 35,896</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.

10,109,171

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.

(1,639,349)

Net assets of General Government Activities \$ 8,505,718

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2012

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
Revenues:			
Charges for services	\$ 3,053	\$ 203,335	\$ 206,388
Miscellaneous	530,858	43,860	574,718
Intergovernmental:			
County contribution to School Board	3,393,457	-	3,393,457
Commonwealth	8,335,054	-	8,335,054
Federal	2,723,723	42,263	2,765,986
Total revenues	\$ 14,986,145	\$ 289,458	\$ 15,275,603
Expenditures:			
Current:			
Education	\$ 14,384,261	\$ 872,451	\$ 15,256,712
Total expenditures	\$ 14,384,261	\$ 872,451	\$ 15,256,712
Excess (deficiency) of revenues over (under) expenditures	\$ 601,884	\$ (582,993)	\$ 18,891
Other financing sources (uses):			
Transfers in	\$ -	\$ 601,884	\$ 601,884
Transfers (out)	(601,884)	-	(601,884)
Total other financing sources (uses)	\$ (601,884)	\$ 601,884	\$ -
Net change in fund balances	\$ -	\$ 18,891	\$ 18,891
Fund balance at beginning of year	-	17,005	17,005
Fund balance at end of year	\$ -	\$ 35,896	\$ 35,896

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Statement of Activities -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2012

		<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	\$	18,891
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	\$ 384,140	
Depreciation expense	<u>(427,459)</u>	(43,319)
Transfer of joint tenancy assets from Primary Government to the Component Unit		1,410,529
<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	\$ 61,651	
Change in accrued leave	<u>(5,561)</u>	<u>56,090</u>
Change in net assets of governmental activities	\$	<u><u>1,442,191</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2012

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 3,053	\$ 3,053
Miscellaneous	-	584,492	530,858	(53,634)
Intergovernmental:				
County contribution to School Board	3,487,418	3,487,418	3,393,457	(93,961)
Commonwealth	8,496,017	8,496,017	8,335,054	(160,963)
Federal	2,514,276	2,514,276	2,723,723	209,447
Total revenues	\$ 14,497,711	\$ 15,082,203	\$ 14,986,145	\$ (96,058)
Expenditures:				
Current:				
Education	\$ 14,497,711	\$ 15,082,203	\$ 14,384,261	\$ 697,942
Total expenditures	\$ 14,497,711	\$ 15,082,203	\$ 14,384,261	\$ 697,942
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 601,884	\$ (794,000)
Other financing sources (uses):				
Transfers (out)	-	-	(601,884)	(601,884)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Discretely Presented Component–Unit Industrial Development Authority

Statement of Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 At June 30, 2012

	<u>Discretely Presented Component Unit - IDA</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 232,671
Note receivable	<u>44,444</u>
Total current assets	<u>\$ 277,115</u>
Noncurrent assets:	
Land	\$ 535,846
Buildings, net of depreciation	<u>1,622,613</u>
Total noncurrent assets	<u>\$ 2,158,459</u>
Total Assets	<u><u>\$ 2,435,574</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,540
Due to primary government	44,444
Current portion of long-term obligations	<u>21,995</u>
Total current liabilities	<u>\$ 73,979</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>\$ 1,933,344</u>
Total Liabilities	<u>\$ 2,007,323</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 203,940
Unrestricted assets	<u>224,311</u>
Total Net Assets	<u>\$ 428,251</u>
Total Liabilities and Net Assets	<u><u>\$ 2,435,574</u></u>

Statement of Revenues, Expenses and Changes in Fund Net Assets -
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2012

	<u>Discretely Presented Component Unit - IDA</u>
Operating revenues:	
Rent	\$ 46,928
Total operating revenues	<u>\$ 46,928</u>
Operating expenses:	
Depreciation	\$ 41,539
Other operating expenses	<u>9,427</u>
Total operating expenses	<u>\$ 50,966</u>
Operating income (loss)	<u>\$ (4,038)</u>
Non-operating revenues (expenses):	
Interest income	\$ 867
Interest expense	(81,132)
Tobacco Indemnification grants	214,179
Economic development incentive payments	(29,695)
Contribution from County of Cumberland	<u>7,723</u>
Total nonoperating revenues (expenses)	<u>\$ 111,942</u>
Increase (decrease) in net assets	\$ 107,904
Net assets at beginning of year	<u>320,347</u>
Net assets at end of year	<u><u>\$ 428,251</u></u>

Statement of Cash Flows -
 Discretely Presented Component Unit - Industrial Development Authority
 Year Ended June 30, 2012

	Discretely Presented Component Unit - IDA
Cash flows from operating activities:	
Receipts from customers and users	\$ 46,928
Payments for operating activities	<u>(8,287)</u>
Net cash provided by (used in) operating activities	\$ <u>38,641</u>
Cash flows from noncapital financing activities:	
Contribution from County of Cumberland	\$ <u>7,723</u>
Net cash provided by (used in) noncapital financing activities	\$ <u>7,723</u>
Cash flows from capital and related financing activities:	
Note repayment	\$ 66,666
Retirement of indebtedness	(21,108)
Purchase of capital assets	(8,386)
Interest paid on loans	(81,132)
Tobacco Indemnification grants	313,814
Economic development incentive payments	(29,695)
Retirement of due to primary government	<u>(66,666)</u>
Net cash provided by (used in) capital and related financing activities	\$ <u>173,493</u>
Cash flows from investing activities:	
Investment interest earned	\$ <u>867</u>
Net cash provided by (used in) investing activities	\$ <u>867</u>
Increase (decrease) in cash and cash equivalents	\$ 220,724
Cash and cash equivalents at beginning of year	<u>11,947</u>
Cash and cash equivalents at end of year	\$ <u><u>232,671</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (4,038)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:	
Depreciation	41,539
Changes in operating assets and liabilities:	
Increase in accounts payable	<u>1,140</u>
Net cash provided by (used in) operating activities	\$ <u><u>38,641</u></u>

Supporting Schedules

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Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,720,000	\$ 5,720,000	\$ 5,768,495	\$ 48,495
Real and personal public service corporation property taxes	495,000	495,000	531,774	36,774
Personal property taxes	1,775,000	1,775,000	1,694,858	(80,142)
Mobile Homes	48,000	48,000	47,849	(151)
Airplane taxes	5,800	5,800	6,969	1,169
Machinery and tools taxes	80,700	80,700	90,492	9,792
Penalties	105,000	105,000	133,275	28,275
Interest	116,000	116,000	127,077	11,077
Total general property taxes	<u>\$ 8,345,500</u>	<u>\$ 8,345,500</u>	<u>\$ 8,400,789</u>	<u>\$ 55,289</u>
Other local taxes:				
Local sales and use taxes	\$ 380,000	\$ 380,000	\$ 372,825	\$ (7,175)
Communication taxes	400,000	400,000	356,315	(43,685)
Consumers' utility taxes	172,000	172,000	171,600	(400)
Business license taxes	108,000	108,000	107,965	(35)
Bank franchise tax	24,000	24,000	10,037	(13,963)
Motor vehicle licenses	227,000	227,000	230,236	3,236
Taxes on recordation and wills	45,000	45,000	35,756	(9,244)
Total other local taxes	<u>\$ 1,356,000</u>	<u>\$ 1,356,000</u>	<u>\$ 1,284,734</u>	<u>\$ (71,266)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 8,800	\$ 8,800	\$ 8,772	\$ (28)
Building and related permits	47,000	47,000	33,012	(13,988)
Transfer fees	400	400	300	(100)
Land use application fees	3,000	3,000	6,520	3,520
Zoning and other fees	5,700	5,700	13,342	7,642
Total permits, privilege fees and regulatory licenses	<u>\$ 64,900</u>	<u>\$ 64,900</u>	<u>\$ 61,946</u>	<u>\$ (2,954)</u>
Fines and Forfeitures:				
Court fines and forfeitures	<u>\$ 135,000</u>	<u>\$ 141,101</u>	<u>\$ 156,539</u>	<u>\$ 15,438</u>
Total fines and forfeitures	<u>\$ 135,000</u>	<u>\$ 141,101</u>	<u>\$ 156,539</u>	<u>\$ 15,438</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 51,000	\$ 55,493	\$ 67,098	\$ 11,605
Revenue from use of property	42,300	42,300	30,627	(11,673)
Total revenue from use of money and property	<u>\$ 93,300</u>	<u>\$ 97,793</u>	<u>\$ 97,725</u>	<u>\$ (68)</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ 360	\$ 360	\$ 360	\$ -
Other charges for courts	7,200	10,340	8,071	(2,269)
Law enforcement	40,000	40,000	41,856	1,856
Commonwealth attorney fees	200	200	710	510
Landfill host agreement fees	500,000	500,000	500,000	-
Courthouse security	40,000	40,000	33,549	(6,451)
Recreation fees	37,750	41,127	41,016	(111)
Courthouse maintenance fees	6,000	6,000	7,021	1,021
Law library fees	1,000	1,000	1,348	348
Planning and community development	6,400	6,400	1,960	(4,440)
Other charges for services	700	700	1,033	333
Total charges for services	<u>\$ 639,610</u>	<u>\$ 646,127</u>	<u>\$ 636,924</u>	<u>\$ (9,203)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 18,000	\$ 51,710	\$ 71,698	\$ 19,988
Health insurance reimbursement	156,000	156,000	156,000	-
Total miscellaneous revenue	<u>\$ 174,000</u>	<u>\$ 207,710</u>	<u>\$ 227,698</u>	<u>\$ 19,988</u>
Total revenue from local sources	<u>\$ 10,808,310</u>	<u>\$ 10,859,131</u>	<u>\$ 10,866,355</u>	<u>\$ 7,224</u>
Intergovernmental revenue:				
Henrico County - reservoir operation	\$ 1,131,900	\$ 1,131,900	\$ 1,131,900	\$ -
Total intergovernmental revenue	<u>\$ 1,131,900</u>	<u>\$ 1,131,900</u>	<u>\$ 1,131,900</u>	<u>\$ -</u>
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 52,000	\$ 52,000	\$ 56,435	\$ 4,435
Noncategorical aid:				
Mobile home titling taxes	\$ 22,000	\$ 22,000	\$ 15,716	\$ (6,284)
Tax on deeds	11,000	11,000	8,693	(2,307)
PPTRA	871,700	871,700	871,736	36
Recordation tax	17,000	17,000	13,836	(3,164)
Rental tax	500	500	135	(365)
Total noncategorical aid	<u>\$ 922,200</u>	<u>\$ 922,200</u>	<u>\$ 910,116</u>	<u>\$ (12,084)</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 73,394	\$ 73,394	\$ 73,375	\$ (19)
Sheriff	545,655	545,655	549,685	4,030
Commissioner of the Revenue	77,437	77,437	77,065	(372)
Treasurer	78,122	78,122	86,128	8,006
Medical examiner	180	180	-	(180)
Registrar/electoral board	34,000	41,461	39,014	(2,447)
DMV	12,500	12,500	16,087	3,587
Clerk of the Circuit Court	142,455	153,330	153,099	(231)
Total shared expenses	<u>\$ 963,743</u>	<u>\$ 982,079</u>	<u>\$ 994,453</u>	<u>\$ 12,374</u>
Other categorical aid:				
Litter control	\$ -	\$ 5,000	\$ 5,000	\$ -
Biosolids monitoring	2,000	2,000	-	(2,000)
Highway safety grant - Sheriff's department	-	21,890	21,891	1
E-911 wireless	-	10,771	40,000	29,229
Records preservant grant - courts	-	4,297	4,297	-
Comprehensive Services Act	765,000	765,000	294,826	(470,174)
Emergency medical services grant	-	19,928	9,807	(10,121)
Fire programs	-	51,529	51,529	-
Other categorical aid	-	-	29	29
Public assistance and welfare	141,153	141,153	324,920	183,767
Total other categorical aid	<u>\$ 908,153</u>	<u>\$ 1,021,568</u>	<u>\$ 752,299</u>	<u>\$ (269,269)</u>
Total categorical aid	<u>\$ 1,871,896</u>	<u>\$ 2,003,647</u>	<u>\$ 1,746,752</u>	<u>\$ (256,895)</u>
Total revenue from the Commonwealth	<u>\$ 2,846,096</u>	<u>\$ 2,977,847</u>	<u>\$ 2,713,303</u>	<u>\$ (264,544)</u>
Revenue from the Federal Government:				
Categorical aid:				
Public assistance and welfare	\$ 824,128	\$ 824,128	\$ 561,703	\$ (262,425)
Registrar - help america vote grant	-	-	3,350	3,350
Total categorical aid	<u>\$ 824,128</u>	<u>\$ 824,128</u>	<u>\$ 565,053</u>	<u>\$ (259,075)</u>
Total revenue from the Federal Government	<u>\$ 824,128</u>	<u>\$ 824,128</u>	<u>\$ 565,053</u>	<u>\$ (259,075)</u>
Total General Fund	<u>\$ 15,610,434</u>	<u>\$ 15,793,006</u>	<u>\$ 15,276,611</u>	<u>\$ (516,395)</u>

Governmental Funds -
Statement of Revenues - Budget and Actual
Year Ended June 30, 2012 (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	\$ -	\$ -	\$ 411	\$ 411
Total revenue from local sources	\$ -	\$ -	\$ 411	\$ 411
Revenue from the commonwealth:				
Tobacco indemnification grant	\$ -	\$ -	\$ 68,595	\$ 68,595
Total revenue from the commonwealth	\$ -	\$ -	\$ 68,595	\$ 68,595
Revenue from the federal government:				
Rural development grant	\$ -	\$ -	\$ 25,000	\$ 25,000
Total revenue from the federal government	\$ -	\$ -	\$ 25,000	\$ 25,000
Total County Capital Projects Fund	\$ -	\$ -	\$ 94,006	\$ 94,006
Grand Total Revenues -- Primary Government	\$ 15,610,434	\$ 15,793,006	\$ 15,370,617	\$ (422,389)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 3,053	\$ 3,053
Total revenue from use of money and property	\$ -	\$ -	\$ 3,053	\$ 3,053
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 584,492	\$ 530,858	\$ (53,634)
Total miscellaneous	\$ -	\$ 584,492	\$ 530,858	\$ (53,634)
Total revenue from local sources	\$ -	\$ 584,492	\$ 533,911	\$ (50,581)
Intergovernmental revenue:				
County contribution to School Board	\$ 3,487,418	\$ 3,487,418	\$ 3,393,457	\$ (93,961)

Governmental Funds and Discretely Presented Component Units
Statement of Revenues -- Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,451,744	\$ 1,457,615	\$ 1,467,413	\$ 9,798
Basic school aid	4,492,598	4,307,231	4,283,663	(23,568)
Special education	618,482	598,249	597,021	(1,228)
Social security	268,949	260,151	259,617	(534)
Teacher retirement	243,767	235,308	235,308	-
Other state funds	1,420,477	1,637,463	1,492,032	(145,431)
Total categorical aid	<u>\$ 8,496,017</u>	<u>\$ 8,496,017</u>	<u>\$ 8,335,054</u>	<u>\$ (160,963)</u>
Total revenue from the Commonwealth	<u>\$ 8,496,017</u>	<u>\$ 8,496,017</u>	<u>\$ 8,335,054</u>	<u>\$ (160,963)</u>
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ 223,557	\$ 223,557	\$ 262,051	\$ 38,494
Title I	441,491	441,491	507,522	66,031
Title VI-B -- Special Education	332,191	332,191	385,437	53,246
School food	651,824	651,824	587,736	(64,088)
Other federal funds	865,213	865,213	980,977	115,764
Total categorical aid	<u>\$ 2,514,276</u>	<u>\$ 2,514,276</u>	<u>\$ 2,723,723</u>	<u>\$ 209,447</u>
Total revenue from the federal government	<u>\$ 2,514,276</u>	<u>\$ 2,514,276</u>	<u>\$ 2,723,723</u>	<u>\$ 209,447</u>
Total School Operating Fund	<u>\$ 14,497,711</u>	<u>\$ 15,082,203</u>	<u>\$ 14,986,145</u>	<u>\$ (96,058)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 203,335	\$ 203,335
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,335</u>	<u>\$ 203,335</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 43,860	\$ 43,860
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,860</u>	<u>\$ 43,860</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,195</u>	<u>\$ 247,195</u>
Revenue from the federal government:				
Categorical aid:				
Food distribution	\$ -	\$ -	\$ 42,263	\$ 42,263
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,458</u>	<u>\$ 289,458</u>
Grand Total Revenues -- Component Unit -- School Board	<u>\$ 14,497,711</u>	<u>\$ 15,082,203</u>	<u>\$ 15,275,603</u>	<u>\$ 193,400</u>
Grand Total Revenues -- Reporting Entity	<u>\$ 30,108,145</u>	<u>\$ 30,875,209</u>	<u>\$ 30,646,220</u>	<u>\$ (228,989)</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2012

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	\$ 45,637	\$ 60,552	\$ 60,551	\$ 1
General and financial administration:				
County administrator	\$ 168,462	\$ 175,509	\$ 175,508	\$ 1
Legal services	193,312	172,704	172,528	176
Independent Auditor	33,500	33,500	32,800	700
Commissioner of the revenue	224,901	225,421	223,717	1,704
Treasurer	261,044	261,595	260,692	903
Accounting	192,217	192,887	191,902	985
Data Processing	174,682	174,682	160,397	14,285
Total general and financial administration	\$ 1,248,118	\$ 1,236,298	\$ 1,217,544	\$ 18,754
Board of Elections:				
Electoral board and officials	\$ 18,900	\$ 33,341	\$ 33,340	\$ 1
Registrar	60,242	76,031	75,976	55
Total board of elections	\$ 79,142	\$ 109,372	\$ 109,316	\$ 56
Total general government administration	\$ 1,372,897	\$ 1,406,222	\$ 1,387,411	\$ 18,811
Judicial administration:				
Courts:				
Circuit court	\$ 15,640	\$ 12,859	\$ 12,836	\$ 23
General district court	11,905	18,481	18,480	1
Special magistrates	2,050	1,954	1,890	64
Law library	1,000	2,212	1,212	1,000
Clerk of the circuit court	232,003	238,429	238,344	85
Total courts	\$ 262,598	\$ 273,935	\$ 272,762	\$ 1,173
Commonwealth's attorney:				
Commonwealth's attorney	\$ 118,981	\$ 108,451	\$ 108,394	\$ 57
Total judicial administration	\$ 381,579	\$ 382,386	\$ 381,156	\$ 1,230

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2012 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff and other law enforcement	\$ 1,465,625	\$ 1,498,441	\$ 1,489,470	\$ 8,971
Total law enforcement and traffic control	\$ 1,465,625	\$ 1,498,441	\$ 1,489,470	\$ 8,971
Fire and rescue services:				
Fire and rescue services	\$ 181,258	\$ 252,716	\$ 252,165	\$ 551
E-911	41,920	75,952	75,952	-
Total fire and rescue services	\$ 223,178	\$ 328,668	\$ 328,117	\$ 551
Correction and detention:				
Probation office	\$ 1,526	\$ 1,426	\$ 1,422	\$ 4
Corrections and detention	25,000	23,300	23,287	13
Total correction and detention	\$ 26,526	\$ 24,726	\$ 24,709	\$ 17
Inspections:				
Building	\$ 114,323	\$ 112,944	\$ 110,853	\$ 2,091
Total inspections	\$ 114,323	\$ 112,944	\$ 110,853	\$ 2,091
Other protection:				
Animal control	\$ 124,171	\$ 118,166	\$ 118,154	\$ 12
Medical examiner (coroner)	40	40	20	20
Total other protection	\$ 124,211	\$ 118,206	\$ 118,174	\$ 32
Total public safety	\$ 1,953,863	\$ 2,082,985	\$ 2,071,323	\$ 11,662
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 577,995	\$ 612,884	\$ 612,884	-
Litter control	250	1,350	1,071	279
Recycling	-	9,684	9,683	1
Total sanitation and waste removal	\$ 578,245	\$ 623,918	\$ 623,638	\$ 280

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2012 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 696,783	\$ 684,448	\$ 684,444	\$ 4
Total maintenance of general buildings and grounds	<u>\$ 696,783</u>	<u>\$ 684,448</u>	<u>\$ 684,444</u>	<u>\$ 4</u>
Total public works	<u>\$ 1,275,028</u>	<u>\$ 1,308,366</u>	<u>\$ 1,308,082</u>	<u>\$ 284</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 105,981	\$ 84,279	\$ 79,486	\$ 4,793
Hospital and other health organizations	500	15,500	15,500	-
Total health	<u>\$ 106,481</u>	<u>\$ 99,779</u>	<u>\$ 94,986</u>	<u>\$ 4,793</u>
Mental health and mental retardation:				
Chapter X board	\$ 28,840	\$ 28,840	\$ 28,840	-
Hospitalization - inpatient	1,341	1,341	-	1,341
Total mental health and mental retardation	<u>\$ 30,181</u>	<u>\$ 30,181</u>	<u>\$ 28,840</u>	<u>\$ 1,341</u>
Welfare:				
Welfare administration & public assistance	\$ 1,255,486	\$ 1,260,623	\$ 1,098,060	\$ 162,563
CSA - management	37,578	44,948	44,947	1
CSA - at risk youth	1,000,000	1,000,000	506,825	493,175
Total welfare	<u>\$ 2,293,064</u>	<u>\$ 2,305,571</u>	<u>\$ 1,649,832</u>	<u>\$ 655,739</u>
Total health and welfare	<u>\$ 2,429,726</u>	<u>\$ 2,435,531</u>	<u>\$ 1,773,658</u>	<u>\$ 661,873</u>
Education:				
Contributions to community colleges	\$ 2,629	\$ 2,629	\$ 2,629	-
Contributions to school board component unit	3,487,418	3,487,418	3,393,457	93,961
Total education	<u>\$ 3,490,047</u>	<u>\$ 3,490,047</u>	<u>\$ 3,396,086</u>	<u>\$ 93,961</u>
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 80,169	\$ 105,329	\$ 105,329	-
Library:				
Local library	\$ 115,000	\$ 115,000	\$ 115,000	-
Tri-county life learners	500	500	500	-
Total parks, recreation and cultural	<u>\$ 195,669</u>	<u>\$ 220,829</u>	<u>\$ 220,829</u>	<u>\$ -</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2012 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 140,418	\$ 139,374	\$ 136,682	\$ 2,692
Economic development	124,802	148,410	110,407	38,003
Contribution to IDA	7,723	7,723	7,723	-
Other community development	66,512	52,238	50,880	1,358
Total planning and community development	<u>\$ 339,455</u>	<u>\$ 347,745</u>	<u>\$ 305,692</u>	<u>\$ 42,053</u>
Environmental management:				
Cooperative extension program	\$ 42,565	\$ 41,915	\$ 39,477	\$ 2,438
Total environmental management	<u>\$ 42,565</u>	<u>\$ 41,915</u>	<u>\$ 39,477</u>	<u>\$ 2,438</u>
Total community development	<u>\$ 382,020</u>	<u>\$ 389,660</u>	<u>\$ 345,169</u>	<u>\$ 44,491</u>
Nondepartmental:				
Miscellaneous	\$ 55,804	\$ 16,309	\$ 9,683	\$ 6,626
Local aid to the Commonwealth	77,660	71,045	70,717	328
Total nondepartmental	<u>\$ 133,464</u>	<u>\$ 87,354</u>	<u>\$ 80,400</u>	<u>\$ 6,954</u>
Debt service:				
Principal retirement	\$ 2,033,613	\$ 2,033,613	\$ 2,033,613	-
Interest and fiscal charges	1,997,556	2,002,049	2,001,161	888
Total debt service	<u>\$ 4,031,169</u>	<u>\$ 4,035,662</u>	<u>\$ 4,034,774</u>	<u>\$ 888</u>
Total General Fund	<u><u>\$ 15,645,462</u></u>	<u><u>\$ 15,839,042</u></u>	<u><u>\$ 14,998,888</u></u>	<u><u>\$ 840,154</u></u>
County Capital Projects Fund:				
Capital outlay / projects:				
General government:				
EDP equipment and computer software	\$ 45,000	\$ 34,037	\$ 28,530	\$ 5,507
Motor vehicle	18,000	18,000	17,320	680
Total general government	<u>\$ 63,000</u>	<u>\$ 52,037</u>	<u>\$ 45,850</u>	<u>\$ 6,187</u>
Public safety:				
Contributions to fire departments	\$ 36,500	\$ 36,500	\$ 36,500	-
Vehicles and impound lot	60,000	65,140	65,140	-
Total public safety	<u>\$ 96,500</u>	<u>\$ 101,640</u>	<u>\$ 101,640</u>	<u>\$ -</u>
Public works:				
Transfer station upgrades	\$ -	\$ 4,145	\$ 4,145	-
Total public works	<u>\$ -</u>	<u>\$ 4,145</u>	<u>\$ 4,145</u>	<u>\$ -</u>

Governmental Funds -
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2012 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
County Capital Projects Fund: (Continued)				
Capital outlay / projects: (Continued)				
Education:				
High School / Middle School maintenance	\$ -	\$ 5,563	\$ 5,562	\$ 1
Vocational Technical Center - roof replacement	-	228,114	227,292	822
Total education	<u>\$ -</u>	<u>\$ 233,677</u>	<u>\$ 232,854</u>	<u>\$ 823</u>
Community Development:				
Randolph community center	\$ 11,820	\$ 11,820	\$ 11,820	\$ -
Comprehensive plan update	50,000	50,000	-	50,000
GIS mapping	-	5,400	5,398	2
Total community development	<u>\$ 61,820</u>	<u>\$ 67,220</u>	<u>\$ 17,218</u>	<u>\$ 50,002</u>
Total County Capital Projects Fund	<u>\$ 221,320</u>	<u>\$ 458,719</u>	<u>\$ 401,707</u>	<u>\$ 57,012</u>
Grand Total Expenditures -- Primary Government	<u>\$ 15,866,782</u>	<u>\$ 16,297,761</u>	<u>\$ 15,400,595</u>	<u>\$ 897,166</u>
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 10,304,653	\$ 10,304,653	\$ 10,125,075	\$ 179,578
Administration, attendance and health	1,021,650	1,021,650	1,001,375	20,275
Pupil transportation services	1,413,262	1,413,262	1,359,469	53,793
Operation and maintenance services	1,238,258	1,238,258	1,098,439	139,819
Other	519,888	1,104,380	799,903	304,477
Total education	<u>\$ 14,497,711</u>	<u>\$ 15,082,203</u>	<u>\$ 14,384,261</u>	<u>\$ 697,942</u>
Total School Operating Fund	<u>\$ 14,497,711</u>	<u>\$ 15,082,203</u>	<u>\$ 14,384,261</u>	<u>\$ 697,942</u>
School Cafeteria Fund:				
Education:				
School food services	\$ -	\$ -	\$ 872,451	\$ (872,451)
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 872,451</u>	<u>\$ (872,451)</u>
Grand Total Expenditures--Component Unit-- School Board	<u>\$ 14,497,711</u>	<u>\$ 15,082,203</u>	<u>\$ 15,256,712</u>	<u>\$ (174,509)</u>
Grand Total Expenditures--Reporting Entity	<u>\$ 30,364,493</u>	<u>\$ 31,379,964</u>	<u>\$ 30,657,307</u>	<u>\$ 722,657</u>

Other Statistical Information

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COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General										Total	
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Non-Departmental	Interest on Debt		Water & Sewer
2002-03	\$ 857,155	\$ 243,414	\$ 1,290,301	\$ 1,073,275	\$ 1,264,378	\$ 3,805,093	\$ 80,384	\$ 396,735	\$ 11,076	\$ 647,006	\$ 308,405	\$ 9,977,222
2003-04	899,116	362,692	1,477,936	1,091,085	1,689,982	3,386,603	85,220	315,800	-	476,705	300,358	10,085,497
2004-05	1,096,607	457,036	1,641,665	1,269,984	1,734,952	3,988,063	134,066	339,568	-	502,815	305,431	11,470,187
2005-06	1,188,315	440,444	1,868,176	1,819,805	2,352,514	5,143,204	137,816	398,233	-	482,102	347,465	14,178,074
2006-07	1,555,835	555,793	2,146,137	1,065,558	2,294,192	4,378,988	182,374	407,700	-	629,286	511,162	13,727,025
2007-08	1,438,611	440,064	2,516,490	1,136,599	2,109,789	6,778,573	188,984	1,337,794	-	1,099,526	692,743	17,739,173
2008-09	1,556,822	425,338	2,354,306	1,212,922	2,080,940	6,339,648	190,112	746,629	-	2,141,701	610,002	17,658,420
2009-10	1,581,085	438,445	2,186,375	1,445,732	1,907,322	6,066,332	177,854	427,487	-	2,535,022	662,686	17,428,340
2010-11	1,339,647	438,398	2,181,972	1,461,077	1,903,164	5,255,483	208,402	729,559	-	2,150,144	620,279	16,288,125
2011-12	1,425,743	471,552	2,238,713	1,263,236	1,762,706	5,851,389	223,140	367,939	-	2,039,794	646,448	16,290,660

COUNTY OF CUMBERLAND, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues			General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous		
2002-03	\$ 263,262	\$ 2,046,012	\$ 99,000	\$ 5,518,552	\$ 1,045,148	\$ 932,060	\$ 89,474	\$ 63,719	\$ 10,057,227	
2003-04	306,531	2,508,421	207,106	5,661,302	1,152,551	915,702	181,238	44,019	10,976,870	
2004-05	343,590	2,382,153	356,553	7,943,269	1,315,257	937,189	120,077	129,818	13,527,906	
2005-06	625,911	2,864,407	559,575	6,193,617	1,401,158	971,950	239,714	132,403	12,988,735	
2006-07	525,508	2,643,613	1,647,298	6,727,441	1,296,960	1,013,486	281,990	603,113	14,739,409	
2007-08	863,686	2,847,017	3,575,280	6,671,011	1,370,255	987,713	562,769	47,495	16,925,226	
2008-09	534,956	2,479,867	618,820	6,989,867	1,321,181	928,274	166,644	117,828	13,157,437	
2009-10	773,847	2,528,839	2,076,773	7,390,476	1,363,354	1,020,737	61,838	139,493	15,355,357	
2010-11	1,163,304	2,391,346	3,789,930	8,518,154	1,334,909	976,825	137,411	136,369	18,448,248	
2011-12	1,209,264	2,311,805	1,225,495	8,448,999	1,275,388	966,551	99,328	227,698	15,764,528	

COUNTY OF CUMBERLAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General			Other		Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property			Charges for Services	Miscellaneous	Inter-governmental	Total
	Property Taxes	Local Taxes	Local Taxes	Local Taxes	Use of Money & Property			Charges for Services	Miscellaneous					
2002-03	\$ 5,456,313	\$ 1,045,148	\$ 70,600	\$ 21,522	\$ 112,803	\$ 190,799	\$ 79,296	\$ 10,848,112	\$ 17,824,593					
2003-04	5,725,532	1,152,551	66,863	20,039	204,995	234,620	136,936	12,526,248	20,067,784					
2004-05	7,821,863	1,315,257	76,029	31,047	142,345	255,057	223,233	13,658,488	23,523,319					
2005-06	6,351,805	1,401,158	94,697	59,671	256,716	484,635	371,179	15,184,571	24,204,432					
2006-07	6,325,766	1,296,960	102,542	50,642	321,055	317,769	966,950	17,458,744	26,840,428					
2007-08	6,668,218	1,370,255	70,618	66,921	569,478	578,216	320,653	19,051,343	28,695,702					
2008-09	6,795,668	1,321,181	67,754	78,229	157,506	339,471	617,714	17,304,937	26,682,460					
2009-10	7,348,317	1,363,354	59,063	113,623	59,441	854,198	559,921	16,540,010	26,897,927					
2010-11	8,438,080	1,334,909	66,405	125,207	134,952	868,884	589,840	17,846,477	29,404,754					
2011-12	8,400,789	1,284,734	61,946	156,539	98,136	843,312	802,416	15,604,891	27,252,763					

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

General Government Expenditures by Function (1) (2)

Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Debt Service	Non-Departmental	Total
2002-03	\$ 787,871	\$ 242,303	\$ 1,180,821	\$ 728,799	\$ 1,257,693	\$ 11,260,072	\$ 80,265	\$ 277,083	\$ 938,873	\$ -	\$ 16,753,780
2003-04	798,554	241,222	1,487,509	789,670	1,678,406	12,103,671	82,693	261,037	928,388	-	18,371,150
2004-05	1,087,395	376,717	1,613,412	1,299,385	1,722,374	14,092,912	131,539	339,317	1,045,773	-	21,708,824
2005-06	1,172,312	347,347	2,369,699	2,819,015	2,414,307	15,846,227	135,289	404,466	1,040,576	-	26,549,238
2006-07	1,477,432	477,398	2,816,990	1,165,470	2,267,877	23,954,584	179,847	408,285	1,317,939	-	34,065,822
2007-08	1,414,091	347,533	3,244,244	1,160,817	2,098,924	44,165,345	195,137	1,131,705	11,404,038	-	65,161,834
2008-09	1,525,264	344,985	2,321,515	1,164,780	2,071,123	21,919,874	185,889	882,579	3,176,907	-	33,592,916
2009-10	1,586,866	348,507	2,036,541	1,519,811	1,923,523	21,123,845	175,255	443,285	3,964,104	-	33,121,737
2010-11	1,320,620	351,836	2,087,633	1,350,482	1,872,248	14,496,027	203,921	730,065	4,073,922	92,516	26,579,270
2011-12	1,433,261	381,156	2,172,963	1,312,227	1,773,658	15,492,195	220,829	362,387	4,034,774	80,400	27,263,850

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1,4)		Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding (1,3,4) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
	Tax Levy	Tax (1) Collections			Tax (2) Collections	Total Tax Collections		Total Tax Collections to Tax Levy			
2002-03	\$ 6,225,778	\$ 5,781,074	\$ 307,764	92.86%	\$ 307,764	\$ 6,088,838	97.80%	\$ 628,682	10.10%		
2003-04	6,369,476	6,047,839	301,799	94.95%	301,799	6,349,638	99.69%	589,652	9.26%		
2004-05	6,404,029	6,134,815	388,838	95.80%	388,838	6,523,653	101.87%	557,064	8.70%		
2005-06	6,873,966	6,770,742	305,845	98.50%	305,845	7,076,587	102.95%	691,919	10.07%		
2006-07	7,230,249	6,786,714	226,342	93.87%	226,342	7,013,056	97.00%	820,046	11.34%		
2007-08	7,414,535	7,009,119	303,978	94.53%	303,978	7,313,097	98.63%	852,804	11.50%		
2008-09	7,673,636	7,261,095	229,173	94.62%	229,173	7,490,268	97.61%	910,187	11.86%		
2009-10	8,168,244	7,740,534	323,129	94.76%	323,129	8,063,663	98.72%	937,772	11.48%		
2010-11	9,121,905	8,676,195	377,159	95.11%	377,159	9,053,354	99.25%	971,461	10.65%		
2011-12	9,121,509	8,636,836	338,643	94.69%	338,643	8,975,479	98.40%	1,094,179	12.00%		

(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

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Airplane	Machinery & Tools	Total
2002-03	\$ 468,052,131	\$ 45,791,996	\$ 8,769,972	\$ 59,538,199	\$ 1,629,400	\$ 1,798,651	\$ 585,580,349
2003-04	475,897,227	47,710,487	8,720,733	59,010,749	1,684,600	1,743,346	594,767,142
2004-05	485,414,095	47,722,652	8,612,464	54,785,526	1,367,900	1,747,243	599,649,880
2005-06	605,391,128	52,458,816	8,554,248	53,323,831	1,324,300	1,742,242	722,794,565
2006-07	716,805,203	55,903,746	8,430,631	56,383,503	1,772,700	2,014,328	841,310,111
2007-08	730,275,447	57,024,862	8,531,438	64,696,398	1,549,585	1,925,603	864,003,333
2008-09	739,662,170	61,957,207	8,553,171	64,153,584	1,609,140	2,314,164	878,249,436
2009-10	795,199,387	54,473,377	8,597,263	60,485,203	1,427,581	2,504,409	922,687,220
2010-11	850,430,361	57,149,558	7,110,616	67,684,115	1,184,500	2,117,341	985,676,491
2011-12	855,916,262	57,564,245	7,187,152	75,200,914	1,415,432	2,264,637	999,548,642

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
2002-03	\$ 0.76	\$ 4.50	\$ 0.76	\$ 0.45	\$ 4.50
2003-04	0.76	4.50	0.76	0.45	4.50
2004-05	0.76	4.50	0.76	0.45	4.50
2005-06	0.76/0.59	4.50	0.76/0.59	0.45	4.50
2006-07	0.59/0.59	4.50	0.59/0.59	0.50	4.50
2007-08	0.59/0.59	4.40	0.59/0.59	0.50	3.75
2008-09	0.59/0.59	4.40	0.59/0.59	0.50	3.75
2009-10	0.59/0.70	4.40	0.59/0.70	0.50	3.75
2010-11	0.70/0.68	4.50	0.70/0.68	0.50	3.75
2011-12	0.68/0.68	4.50	0.68/0.68	0.50	3.75

COUNTY OF CUMBERLAND, VIRGINIA

Table 7

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
					Value	Value	
2002-03	9,017	\$ 585,580,349	\$ 12,170,218	\$ 12,170,218	0.0208	\$	1,350
2003-04	9,017	594,767,142	11,771,051	11,771,051	0.0198		1,305
2004-05	9,017	599,649,880	11,236,884	11,236,884	0.0187		1,246
2005-06	9,017	722,794,565	10,687,717	10,687,717	0.0148		1,185
2006-07	9,017	841,310,111	10,118,550	10,118,550	0.0120		1,122
2007-08	9,017	864,003,333	21,700,029	21,700,029	0.0251		2,407
2008-09	9,017	878,249,436	45,127,972	45,127,972	0.0514		5,005
2009-10	9,017	922,687,220	43,674,733	43,674,733	0.0473		4,844
2010-11	9,017	985,676,491	43,297,088	43,297,088	0.0439		4,802
2011-12	9,017	999,548,642	41,310,143	41,310,143	0.0413		4,581

(1) Bureau of the Census.

(2) From Table 6

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

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Cumberland, Virginia's basic financial statements and have issued our report thereon dated September 14, 2012. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted a certain matter that we reported to management of the County of Cumberland, Virginia in a separate letter dated September 14, 2012.

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
September 14, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited County of Cumberland, Virginia's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The County of Cumberland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Cumberland, Virginia's management. Our responsibility is to express an opinion on County of Cumberland, Virginia's compliance based on our audit.

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

In our opinion, the County of Cumberland, Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the County of Cumberland, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Cumberland, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Internal Control Over Compliance (Continued)

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

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
September 14, 2012

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Primary Government:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Direct payments:</u>			
USDA Rural Development:			
Community Facilities Loans and Grants	10.766	N/A	\$ 25,000
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	<u>132,384</u>
Total Department of Agriculture			\$ <u>157,384</u>
<u>US ELECTION ASSISTANCE COMMISSION:</u>			
<u>Direct payments:</u>			
Help America Vote Act Requirements Payments	90.401	N/A	\$ <u>3,350</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Virginia Department of Emergency Services:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ <u>3,432</u>
Total Department of Homeland Security			\$ <u>3,432</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
Temporary assistance for needy families	93.558	0400111	\$ 136,708
Refugee and entrant assistance - State Administered Programs	93.566	0500111	184
Low income home energy assistance	93.568	0600411	10,721
Child care and development block grant	93.575	0770110	16,748
Child care mandatory and matching funds of the child care and development fund	93.596	0760111	24,823
Stephanie Tubbs Jones Child Welfare Service Programs	93.645	0900111	346
Foster care Title IV - E	93.658	1100111	49,045
Adoption assistance	93.659	1120111	31,777
Social services block grant	93.667	1000111	73,694
Chafee Foster Care Independence Program	93.674	9150111	1,336
Children's health insurance program	93.767	0540111	3,741
Medical assistance program	93.778	1200111	<u>80,196</u>
Total Department of Health and Human Services			\$ <u>429,319</u>
Total Primary Government			\$ <u><u>593,485</u></u>

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2012 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Component Unit - School Board:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution	10.555	N/A	\$ 41,693
Food distribution - Summer food service program	10.559	N/A	570
Department of Education:			
National school breakfast program	10.553	405910	188,754
National school lunch program	10.555	406230	398,982
Total Department of Agriculture			\$ <u>629,999</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	429010	\$ 507,522
ARRA - Title I Grants to Local Educational Agencies	84.389	429130	22,891
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	430710	385,437
ARRA -Special Education Grants to States	84.391	612,450	70,033
Special Education - Preschool Grants	84.173	625210	6,935
Vocational Education:			
Career and Technical Education - Basic grants to states	84.048	610950	58,982
Adult Education - Basic Grants to States	84.002	428,010	262,051
Special Projects:			
Improving Teacher Quality State Grants	84.367	614800	87,697
21st century community learning centers	84.287	605,650	327,836
Rural Education	84.358	434,810	8,681
English language acquisition state grants	84.365	N/A	2,061
ARRA - Education for Homeless Children and Youth	84.387	N/A	5,834
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	19,974
Education technology State Grants	84.318	616,000	1,924
Learn and Serve America - School and Community Based Programs	94.004	601,850	42,774
ARRA - State Fiscal Stabilization Fund (SFSF)	84.394	625320 / 62532A / 62532B	12,466
ARRA - Education Jobs Fund	84.410	627,000	240,278
Total Department of Education			\$ <u>2,063,376</u>
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
Jr. ROTC payments	12.000	N/A	\$ 72,611
Total Component Unit School Board			\$ <u>2,765,986</u>
Total expenditures of federal awards			\$ <u>3,359,471</u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Cumberland, Virginia under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of the County of Cumberland, Virginia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of Cumberland, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 565,053
Capital Projects Funds	25,000
Special welfare fund	<u>3,432</u>
Total primary government	<u>\$ 593,485</u>

Component Unit Public Schools:

School Operating Fund	\$ 2,723,723
School Cafeteria Fund	<u>42,263</u>

Total component unit public schools	<u>\$ 2,765,986</u>
Total federal expenditures per basic financial statements	<u>\$ 3,359,471</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,359,471</u></u>
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COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with
Circular A-133, Section .510 (a)?

No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.287	21st Century Community Learning Centers
84.410	Education Jobs Fund

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.