COUNTY OF NORTHUMBERLAND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

COUNTY OF NORTHUMBERLAND, VIRGINIA

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FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

COUNTY OF NORTHUMBERLAND, VIRGINIA

Board of Supervisors

Ronald L. Jett, Chairperson

Richard F. Haynie
Thomas H. Tomlin
Arthur J. Self, Sr.
James M. Long

School Board

Lee G. Scripture, Jr., Chairperson

Myrtle L. Phillips
Susan Smith
Tamara Hall
Dean Sumner

Board of Social Services

Linda Jamison, Chairperson

John Jordan
Joseph A. Self, Jr.

Other Officials

Judge of the Circuit Court ..... Harry T. Taliaferro, III
Clerk of the Circuit Court ..... J. Steve Thomas, Sr.
Commonwealth's Attorney ..... R. Michael McKenney
Treasurer ..... Ellen Kirby
Sheriff ..... L. Wayne Middleton
Superintendent of Schools ..... Clint Stables
Director of Social Services ..... Sharon C. Fisher
Commissioner of the Revenue ..... Todd E. Thomas
County Administrator ..... Kenneth D. Eades

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FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northumberland, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Northumberland, 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 the 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 unit, each major fund, and the aggregate remaining fund information of the County of Northumberland, Virginia, as of June 30, 2008, 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 December 15, 2008, on our consideration of the County of Northumberland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of Northumberland County
County of Northumberland, Virginia

As management of the County of Northumberland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $15,794,268 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other uses in excess of revenues and other financing of $18,050,187 (Exhibit 5) after making contributions totaling $8,444,027 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of $22,676,273, a decrease of $18,050,187 in comparison with the prior year.

< At the end of the current fiscal year, unreserved fund balance for the general fund was $8,399,913 or 39% of total general fund expenditures and other uses.

< The combined long-term obligations decreased $1,194,526 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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 Northumberland, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Northumberland, Virginia is financially accountable. Financial information for the component unit 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 Northumberland, 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.

Overview of the Financial Statements (Continued)

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

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

The Sanitary District Fund provides a centralized source for water/sewer services to County residents.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net 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.

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 unit - School Board. The School Board does 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 $15,794,268 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Northumberland, Virginia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 25,638,968	$ 44,619,757	$ 239,649	$ 257,351	$ 25,878,617	$ 44,877,108
Capital assets	29,643,024	12,292,113	6,362,047	6,379,807	36,005,071	18,671,920
Total assets	$ 55,281,992	$ 56,911,870	$ 6,601,696	$ 6,637,158	$ 61,883,688	$ 63,549,028
Current liabilities	$ 2,524,816	$ 3,533,883	$ 4,653	$ 7,983	$ 2,529,469	$ 3,541,866
Long-term liabilities outstanding	41,440,007	42,603,959	2,119,944	2,150,518	43,559,951	44,754,477
Total liabilities	$ 43,964,823	$ 46,137,842	$ 2,124,597	$ 2,158,501	$ 46,089,420	$ 48,296,343
Net assets:						
Invested in capital assets, net of related debt	$ 2,673,032	$ 3,556,311	$ 4,242,103	$ 4,229,289	$ 6,915,135	$ 7,785,600
Unrestricted	8,644,137	7,217,717	234,996	249,368	8,879,133	7,467,085
Total net assets	$ 11,317,169	$ 10,774,028	$ 4,477,099	$ 4,478,657	$ 15,794,268	$ 15,252,685

Government-wide Financial Analysis (Continued)

The County's net assets increased $541,583 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Northumberland, Virginia's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 260,826	$ 254,229	$ 308,819	$ 281,731	$ 569,645	$ 535,960
Operating grants and contributions	2,871,605	2,734,668	-	338,899	2,871,605	3,073,567
Capital grants and contributions	491,533	68,266	138,778	-	630,311	68,266
General revenues:						
General property taxes	13,447,313	13,176,306		-	13,447,313	13,176,306
Other local taxes	1,945,289	2,236,690		-	1,945,289	2,236,690
Grants and other contributions not restricted	1,085,298	1,109,209		-	1,085,298	1,109,209
Other general revenues	2,046,111	1,793,663	101,114	48,183	2,147,225	1,841,846
Transfers	(175,095)	(154,593)	175,095	154,593	-	-
Total revenues	$ 21,972,880	$ 21,218,438	$ 723,806	$ 823,406	$ 22,696,686	$ 22,041,844
Expenses:						
General government administration	$ 1,185,448	$ 1,250,550	$ -	$ -	$ 1,185,448	$ 1,250,550
Judicial administration	897,658	913,462	-	-	897,658	913,462
Public safety	3,325,552	2,786,622	-	-	3,325,552	2,786,622
Public works	1,261,074	1,299,662	-	-	1,261,074	1,299,662
Health and welfare	1,963,371	1,979,837	-	-	1,963,371	1,979,837
Education	10,145,703	11,307,420	-	-	10,145,703	11,307,420
Parks, recreation, and cultural	162,433	154,433	-	-	162,433	154,433
Community development	582,207	462,873	-	-	582,207	462,873
Interest and other fiscal charges	1,906,293	1,757,383			1,906,293	1,757,383
Utilities		-	725,364	641,660	725,364	641,660
Total expenses	$ 21,429,739	$ 21,912,242	$ 725,364	$ 641,660	$ 22,155,103	$ 22,553,902
Change in net assets	$ 543,141	$ (693,804)	$ (1,558)	$ 181,746	$ 541,583	$ (512,058)
Beginning of year	10,774,028	10,493,088	4,478,657	3,917,447	15,252,685	14,410,535
End of year	$ 11,317,169	$ 9,799,284	$ 4,477,099	$ 4,099,193	$ 15,794,268	$ 13,898,477

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of $22,676,273, a decrease of $18,050,187 in comparison with the prior year. Approximately 37% of this total amount constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets at the end of the year amounted to $234,996. The total decrease in net assets was $1,558. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of $377,663 and can be briefly summarized as follows:

< $291,910 increase in education expenditures
< $69,753 increase in public safety expenditures
< $11,000 increase in general government administration expenditures
< $5,000 increase in health and welfare expenditures

During the year, revenues and other sources exceeded budgetary estimates by $4,309,921. Expenditures and other uses were less than budgetary estimates by $1,423,494, resulting in a positive variance of $5,733,415.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2008 amounts to $29,643,024 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, 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 debt outstanding of $43,320,538. Of this amount, $2,036,268 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., lease/revenue bonds and revenue bonds).

The County's total debt decreased $1,194,526 during the current fiscal year.

Additional information on the County of Northumberland, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

< The unemployment rate for the County of 5.1 percent compares to the state's average unemployment rate of 4.0 percent and compares favorably to the national average rate of 5.5 percent.

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

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

The fiscal year 2009 budget increased approximately 30% to include the County Capital Projects Fund, and all tax rates remained the same except for real estate which increased from $0.36 to $0.40 per $100 of assessed value.

Requests for Information

This financial report is designed to provide a general overview of the County of Northumberland, 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, 72 Monument Place, Heathsville, Virginia 22473.

Basic Financial Statements

Exhibit 1

County of Northumberland, Virginia
Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	$ 8,410,346	$ 221,768	$ 8,632,114	$ 162,267
Cash in custody of others	-	-	-	133,478
Receivables (net of allowance for uncollectibles):				
Taxes receivable	377,942	-	377,942	-
Accounts receivable	52,119	47,894	100,013	-
Notes receivable	8,008	-	8,008	-
Internal balances	30,013	(30,013)	-	-
Due from other governmental units	721,615	-	721,615	1,335,722
Prepaid expenses	-	-	-	164,454
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents for School Construction	15,403,849	-	15,403,849	-
Other assets:				
Unamortized bond issue costs	635,076	-	635,076	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	894,628	98,924	993,552	23,929
Buildings and system	28,288,322	6,240,193	34,528,515	9,827,432
Machinery and equipment	460,074	22,930	483,004	629,979
Total assets	$ 55,281,992	$ 6,601,696	$ 61,883,688	$ 12,277,261
LIABILITIES				
Accounts payable	$ 1,297,391	$ -	$ 1,297,391	$ 12,967
Accrued liabilities	-	-	-	1,476,575
Accrued interest payable	512,015	4,653	516,668	-
Due to other governmental units	688,314	-	688,314	-
Deferred revenue	27,096	-	27,096	-
Long-term liabilities:				
Due within one year	1,141,344	31,980	1,173,324	8,440
Due in more than one year	40,298,663	2,087,964	42,386,627	75,958
Total liabilities	$ 43,964,823	$ 2,124,597	$ 46,089,420	$ 1,573,940
NET ASSETS				
Invested in capital assets, net of related debt	$ 2,673,032	$ 4,242,103	$ 6,915,135	$ 10,481,340
Unrestricted (deficit)	8,644,137	234,996	8,879,133	221,981
Total net assets	$ 11,317,169	$ 4,477,099	$ 15,794,268	$ 10,703,321
Total Liabilities and Net Assets	$ 55,281,992	$ 6,601,696	$ 61,883,688	$ 12,277,261

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

Exhibit 2

County of Northumberland, Virginia
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	$ 1,185,448	$ -	$ 288,912	$ -	$ (896,536)		$ (896,536)	
Judicial administration	897,658	34,424	405,386	-	(457,848)		(457,848)	
Public safety	3,325,552	210,070	1,087,970	330,000	(1,697,512)		(1,697,512)	
Public works	1,261,074	15,610	-	-	(1,245,464)		(1,245,464)	
Health and welfare	1,963,371	-	1,089,337	-	(874,034)		(874,034)	
Education	10,145,703	-	-	-	(10,145,703)		(10,145,703)	
Parks, recreation, and cultural	162,433	-	-	-	(162,433)		(162,433)	
Community development	582,207	722	-	161,533	(419,952)		(419,952)	
Interest on long-term debt	1,906,293	-	-	-	(1,906,293)		(1,906,293)	
Total governmental activities	$ 21,429,739	$ 260,826	$ 2,871,605	$ 491,533	$ (17,805,775)		$ (17,805,775)	
Business-type activities:								
Sanitary District	$ 725,364	$ 308,819	$ -	$ 138,778		$ (277,767)	$ (277,767)	
Total business-type activities	$ 725,364	$ 308,819	$ -	$ 138,778		$ (277,767)	$ (277,767)	
Total primary government	$ 22,155,103	$ 569,645	$ 2,871,605	$ 630,311			$ (18,083,542)	
COMPONENT UNIT:								
School Board	$ 16,365,264	$ 235,352	$ 7,116,547	$ -				$ (9,013,365)
Total component unit	$ 16,365,264	$ 235,352	$ 7,116,547	$ -				$ (9,013,365)
General revenues:								
General property taxes					$ 13,447,313	$ -	$ 13,447,313	$ -
Other local taxes:								
Local sales and use taxes					725,826	-	725,826	-
Motor vehicle licenses					9,604	-	9,604	-
Taxes on recordation and wills					234,747	-	234,747	-
Consumer's utility taxes					322,544	-	322,544	-
Communications taxes					438,814	-	438,814	-
Other local taxes					213,754	-	213,754	-
Unrestricted revenues from use of money and property					1,801,342	84	1,801,426	351
Miscellaneous					244,769	101,030	345,799	282,866
Payments from Northumberland County					-	-	-	10,261,063
Grants and contributions not restricted to specific programs					1,085,298	-	1,085,298	-
Transfers					(175,095)	175,095	-	-
Total general revenues					$ 18,348,916	$ 276,209	$ 18,625,125	$ 10,544,280
Change in net assets					$ 543,141	$ (1,558)	$ 541,583	$ 1,530,915
Net assets - beginning					10,774,028	4,478,657	15,252,685	9,172,406
Net assets - ending					$ 11,317,169	$ 4,477,099	$ 15,794,268	$ 10,703,321

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

Fund Financial Statements

Exhibit 3

County of Northumberland, Virginia
Balance Sheet
Governmental Funds
June 30, 2008

	General	County Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 8,372,595	$ 20,892	$ 16,859	$ 8,410,346
Receivables (net of allowance for uncollectibles):				
Taxes receivable	377,942	-	-	377,942
Accounts receivable	52,119	-	-	52,119
Notes receivable			8,008	8,008
Due from other funds	30,013	-	-	30,013
Due from other governmental units	721,615	-	-	721,615
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents for School Construction	-	15,403,849	-	15,403,849
Total assets	$ 9,554,284	$ 15,424,741	$ 24,867	$ 25,003,892
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 124,144	$ 1,173,247	$ -	$ 1,297,391
Due to other governmental units	688,314	-	-	688,314
Deferred revenue	341,914	-	-	341,914
Total liabilities	$ 1,154,372	$ 1,173,247	$ -	$ 2,327,619
Fund balances:				
Unreserved, reported in:				
General fund	$ 8,399,912	$ -	$ -	$ 8,399,912
Special revenue funds	-	-	24,867	24,867
Capital projects funds	-	14,251,494	-	14,251,494
Total fund balances	$ 8,399,912	$ 14,251,494	$ 24,867	$ 22,676,273
Total liabilities and fund balances	$ 9,554,284	$ 15,424,741	$ 24,867	$ 25,003,892

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

Exhibit 4

County of Northumberland, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 22,676,273
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		29,643,024
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		949,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Capital lease	$ (500,000)	
Lease revenue bonds	(38,185,000)	
Bond premium	(479,326)	
General obligation bonds	(2,036,268)	
Accrued interest payable	(512,015)	
Landfill post closure care	(52,088)	
Compensated absences	(187,325)	(41,952,022)
Net assets of governmental activities		$ 11,317,169

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

Exhibit 5

County of Northumberland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	County Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	$ 13,367,097	$ -	$ -	$ 13,367,097
Other local taxes	1,945,289	-	-	1,945,289
Permits, privilege fees, and regulatory licenses	206,459	-	-	206,459
Fines and forfeitures	16,987	-	-	16,987
Revenue from the use of money and property	284,401	1,516,605	336	1,801,342
Charges for services	37,380	-	-	37,380
Miscellaneous	244,769	-	-	244,769
Recovered costs	247,678	-	-	247,678
Intergovernmental revenues:				
Commonwealth	3,648,105	-	-	3,648,105
Federal	800,331	-	-	800,331
Total revenues	$ 20,798,496	$ 1,516,605	$ 336	$ 22,315,437
EXPENDITURES				
Current:				
General government administration	$ 1,283,522	$ -	$ -	$ 1,283,522
Judicial administration	714,521	-	-	714,521
Public safety	3,536,111	-	-	3,536,111
Public works	1,272,472	-	-	1,272,472
Health and welfare	1,948,819	-	-	1,948,819
Education	8,454,491	-	-	8,454,491
Parks, recreation, and cultural	160,000	-	-	160,000
Community development	427,682	-	-	427,682
Capital projects	442,581	18,898,684	-	19,341,265
Debt service:				
Principal retirement	1,130,575	-	-	1,130,575
Interest and other fiscal charges	1,921,071	-	-	1,921,071
Total expenditures	$ 21,291,845	$ 18,898,684	$ -	$ 40,190,529
Excess (deficiency) of revenues over (under) expenditures	$ (493,349)	$ (17,382,079)	$ 336	$ (17,875,092)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 3,011,724	$ -	$ -	$ 3,011,724
Transfers out	(175,095)	(3,011,724)	-	(3,186,819)
Total other financing sources (uses)	$ 2,836,629	$ (3,011,724)	$ -	$ (175,095)
Net change in fund balances	$ 2,343,280	$ (20,393,803)	$ 336	$ (18,050,187)
Fund balances - beginning	6,056,632	34,645,297	24,531	40,726,460
Fund balances - ending	$ 8,399,912	$ 14,251,494	$ 24,867	$ 22,676,273

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

Exhibit 6

County of Northumberland, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different becaus		
Net change in fund balances - total governmental fund		$ (18,050,187)
Governmental funds report capital outlays as expenditures. However, in the statement activities the cost of those assets is allocated over their estimated useful lives and reporte as depreciation expense. This is the amount by which the capital outlays exceede depreciation in the current period. The following is a summary of items supporting th adjustment:		
Capital outlay	$ 19,491,922	
Depreciation expense	(1,450,553)	
Transfer of joint tenancy assets to Component Unit from Primary Governme	(690,458)	17,350,911
Revenues in the statement of activities that do not provide current financial resources a not reported as revenues in the funds		80,216
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources t governmental funds, while the repayment of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, ha any effect on net assets. The following is a summary of items supporting this adjustmen		
Principal retired on public facilities lease	$ 130,000	
Principal retired on school lease revenue bond	630,000	
Principal decrease on landfill post closure car	11,704	
Principal retired on school general obligation	370,575	
Decrease in premium on issuance of lease revenue bonc	16,529	1,158,808
Some expenses reported in the statement of activities do not require the use of curre financial resources and, therefore are not reported as expenditures in governmental fund The following is a summary of items supporting this adjustment		
(Increase) decrease in accrued leave	$ 5,144	
(Increase) decrease in interest payable	(1,751)	3,393
Change in net assets of governmental activitie		$ 543,141

The notes to the financial statements are an integral part of this statemen

Exhibit 7

County of Northumberland, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Enterprise Fund Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	$ 221,768
Accounts receivable, net of allowance for uncollectibles	47,894
Total current assets	$ 269,662
Noncurrent assets:	
Capital assets:	
Land	$ 98,924
Utility plant in service	7,545,580
Machinery and equipment	346,568
Less accumulated depreciation	(1,629,025)
Total capital assets	$ 6,362,047
Total noncurrent assets	$ 6,362,047
Total assets	$ 6,631,709
LIABILITIES	
Current liabilities:	
Accrued interest payable	$ 4,653
Due to other funds	30,013
Bonds payable - current portion	31,980
Total current liabilities	$ 66,646
Noncurrent liabilities:	
Bonds payable - net of current portion	$ 2,087,964
Total noncurrent liabilities	$ 2,087,964
Total liabilities	$ 2,154,610
NET ASSETS	
Invested in capital assets, net of related debt	$ 4,242,103
Unrestricted	234,996
Total net assets	$ 4,477,099

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

Exhibit 8

County of Northumberland, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Enterprise Fund Sanitary District
OPERATING REVENUES	
Charges for services:	
Sanitary district fees	$ 308,819
Miscellaneous	16,030
Total operating revenues	$ 324,849
OPERATING EXPENSES	
Personal services	$ 127,090
Fringe benefits	36,005
Other supplies and expenses	331,577
Depreciation	179,761
Total operating expenses	$ 674,433
Operating income (loss)	$ (349,584)
NONOPERATING REVENUES (EXPENSES)	
Rural Development grant	$ 138,778
Investment earnings	84
Connection fees	85,000
Interest expense	(50,931)
Total nonoperating revenues (expenses)	$ 172,931
Income before contributions and transfers	$ (176,653)
Transfers in	175,095
Change in net assets	$ (1,558)
Total net assets - beginning	4,478,657
Total net assets - ending	$ 4,477,099

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

Exhibit 9

County of Northumberland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Enterprise Fund Sanitary District
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 340,233
Payments to suppliers	(334,842)
Payments to and for employees	(163,095)
Net cash provided (used) by operating activities	$ (157,704)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees	$ 85,000
Transfers from other funds	175,095
Net cash provided (used) by noncapital financing activities	$ 260,095
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	$ (119,395)
Principal payments on bonds	(30,574)
Capital contributions	138,778
Interest payments	(93,602)
Net cash provided (used) by capital and related financing activities	$ (104,793)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	$ 84
Net increase (decrease) in cash and cash equivalents	$ (2,318)
Cash and cash equivalents - beginning	224,086
Cash and cash equivalents - ending	$ 221,768
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (349,584)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	179,761
(Increase) decrease in accounts receivable	15,384
Increase (decrease) in operating accounts payable	(3,265)
Total adjustments	$ 191,880
Net cash provided (used) by operating activities	$ (157,704)

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

Exhibit 10

County of Northumberland, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 224,740
LIABILITIES	
Amounts held for others	$ 143,034
Amounts held for social services clients	81,706
Total liabilities	$ 224,740

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

Note 1—Summary of Significant Accounting Policies:

The County of Northumberland, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, recreational activities, cultural events, education, and social services.

The financial statements of the County of Northumberland, 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.

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component unit. 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 unit. 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.

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

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).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports, a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the 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 Northumberland (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.

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2008.

Discretely Presented Component Units. The School Board members are elected by the citizens of Northumberland County. The School Board is responsible for the operations of the County's School System within the County boundaries. 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. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2008.

C. Other Related Organizations

Included in the County's Financial Report

None

Excluded from the County's Annual Financial Report

Northern Neck Regional Jail Authority

The Northern Neck Regional Jail Authority is an intergovernmental (joint) venture, and therefore, its operations are not included in the County's financial statements. The participating jurisdictions' provide the financial support for the Authority and appoints its governing Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations.

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 with 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

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

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

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental 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.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

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 non-operating 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 County's Major Enterprise Fund consists of the Sanitary District.

The County reports the following non-major governmental funds:

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following funds: Law Library and Economic Development.

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 and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

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

F. 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.

G. 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 portions of the 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 $62,086 at June 30, 2008 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, 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. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

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

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

H. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Plant, equipment, and systems	35-45
Motor vehicles	5-10
Equipment	2-15

I. 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 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 accumulated rights to be received for sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Retirement Plan

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

K. 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.

L. Fund Equity

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

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

M. 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.

N. 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 and premiums on issuances are 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 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, 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 or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The Board of Supervisors 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. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2008:

Fund	Amount	Notes
School Operating	$ 170,672	-
School Cafeteria	714	excludes commodities received totaling $51,045.

Note 3—Deposits and Investments:

Deposits

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

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or 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's rated debt investments as of June 30, 2008 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AA	Unrated
Local Government Investment Pool	$ 7,581,516	$ -	$ -
U.S. Government Money Market Fund	2,290,009	-	-
Virginia State Non-Arbitrage Pool	2,641	-	-
Municipal/Public Bonds	-	3,276,223	-
Commercial Paper	-	-	9,905,353
Total	$ 9,874,166	$ 3,276,223	$ 9,905,353

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

According to the County's investment policy, at no time shall the maturity or duration of an investment exceed five years.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year
U.S. Government Money Market Fund	$ 2,290,009	$ 2,290,009
Municipal/Public Bonds	3,276,223	3,276,223
Commercial paper	9,905,353	9,905,353
Total	$ 15,471,585	$ 15,471,585

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). 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 4—Due to/from Other Governments:

At June 30, 2008, the County has receivables due from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Northumberland	$ -	$ 688,314
Counties of Lancaster and Westmoreland	95,561	-
Commonwealth of Virginia:		
Local sales tax	124,229	-
Welfare	31,984	-
Rolling stock tax	23	-
State Sales Tax	-	247,099
Constitutional officer reimbursements	164,706	-
DMV license agent	1,881	-
Recordation tax	16,811	-
Mobile home titling tax	4,921	-
Burn building grant	100,000	-
Wireless grant	6,961	-
Communications tax	70,504	-
Comprehensive services act	52,168	-
Federal Government:		
School fund grants	-	400,309
Homeland security	3,126	-
Welfare	48,740	-
Total due from other governments	$ 721,615	$ 1,335,722

At June 30, 2008, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Northumberland County School Board	$ 688,314	$ -

Note 5—Capital Assets:

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

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Primary Government:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 794,628	$ 100,000	$ -	$ 894,628
Capital assets subject to depreciation:				
Buildings and improvements	$ 5,140,826	$ 200,515	$ -	$ 5,341,341
Equipment	1,350,838	166,899	91,399	1,426,338
Jointly owned assets	9,133,075	19,024,508	690,458	27,467,125
Total capital assets subject to depreciation	$ 15,624,739	$ 19,391,922	$ 781,857	$ 34,234,804
Less accumulated depreciation for:				
Buildings and improvements	$ 1,497,929	$ 155,666	$ -	$ 1,653,595
Equipment	889,354	168,309	91,399	966,264
Jointly owned assets	1,739,971	1,126,578	-	2,866,549
Total accumulated depreciation	$ 4,127,254	$ 1,450,553	$ 91,399	$ 5,486,408
Total capital assets subject to depreciation, net	$ 11,497,485	$ 17,941,369	$ 690,458	$ 28,748,396
Governmental activities capital assets, net	$ 12,292,113	$ 18,041,369	$ 690,458	$ 29,643,024

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Business-Type Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 98,924	$ -	$ -	$ 98,924
Construction in progress	2,239,525	-	2,239,525	-
Total capital assets not subject to depreciation	$ 2,338,449	$ -	$ 2,239,525	$ 98,924
Capital assets subject to depreciation:				
Utility plant in service	$ 5,144,054	$ 2,401,526	$ -	$ 7,545,580
Vehicles and equipment	346,568	-	-	346,568
Total capital assets subject to depreciation	$ 5,490,622	$ 2,401,526	$ -	$ 7,892,148
Less: accumulated depreciation for:				
Utility plant in service	$ 1,133,934	$ 171,453	$ -	$ 1,305,387
Vehicles and equipment	315,330	8,308	-	323,638
Total accumulated depreciation	$ 1,449,264	$ 179,761	$ -	$ 1,629,025
Total capital assets subject to depreciation, net	$ 4,041,358	$ 2,221,765	$ -	$ 6,263,123
Proprietary fund capital assets, net	$ 6,379,807	$ 2,221,765	$ 2,239,525	$ 6,362,047

Note 5—Capital Assets: (Continued)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 23,929	$ -	$ -	$ 23,929
Capital assets subject to depreciation:				
Equipment	$ 1,982,958	$ 182,724	$ -	$ 2,165,682
Jointly owned assets	10,282,102	690,458	-	10,972,560
Total capital assets subject to depreciation	$ 12,265,060	$ 873,182	$ -	$ 13,138,242
Less: accumulated depreciation for:				
Equipment	$ 1,387,334	$ 148,369	$ -	$ 1,535,703
Jointly owned assets	1,958,875	89,297	903,044	1,145,128
Total accumulated depreciation	$ 3,346,209	$ 237,666	$ 903,044	$ 2,680,831
Total capital assets subject to depreciation, net	$ 8,918,851	$ 635,516	$ (903,044)	$ 10,457,411
Component unit school board capital assets, net	$ 8,942,780	$ 635,516	$ (903,044)	$ 10,481,340

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:	
General government administration	$ 45,161
Judicial administration	93,325
Public safety	158,186
Public works	4,414
Health and welfare	20,456
Education	1,126,578
Parks, recreation and cultural	2,433
Total depreciation expense - governmental activities	$ 1,450,553
Business-type activities:	
Sanitary District	$ 179,761
Total depreciation expense - primary government	$ 1,630,314
Component Unit School Board:	
Depreciation expense	$ 237,666
Change in accumulated depreciation due to transfer of jointly owned assets	(903,044)
Total depreciation expense - Component Unit School Board	$ (665,378)

Note 6—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 3,011,724	$ 175,095
Sanitary District Fund	175,095	-
County Capital Projects Fund	-	3,011,724
Component Unit-School Board:		
School Operating Fund	-	331,501
School Cafeteria Fund	331,501	-
Total	$ 3,518,320	$ 3,518,320

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.

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Note 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2008:

	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within One Year
Primary Government Obligations:					
General Fund Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	$ 192,469	$ 14,103	$ 19,247	$ 187,325	$ 18,733
Capital lease	630,000	-	130,000	500,000	125,000
Landfill post closure care	63,792	-	11,704	52,088	-
Total incurred by County	$ 886,261	$ 14,103	$ 160,951	$ 739,413	$ 143,733
Incurred by School Board:					
General obligation bonds	$ 2,406,843	$ -	$ 370,575	$ 2,036,268	$ 342,611
Revenue bonds payable	38,815,000	-	630,000	38,185,000	655,000
Bond premium	495,855	-	16,529	479,326	-
Total incurred by School Board	$ 41,717,698	$ -	$ 1,017,104	$ 40,700,594	$ 997,611
Total General Fund Obligations	$ 42,603,959	$ 14,103	$ 1,178,055	$ 41,440,007	$ 1,141,344
Incurred by Enterprise Fund:					
Revenue bonds payable	$ 2,150,518	$ -	$ 30,574	$ 2,119,944	$ 31,980
Total Primary Government Obligations	$ 44,754,477	$ 14,103	$ 1,208,629	$ 43,559,951	$ 1,173,324

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

	General Fund Obligations		School Obligations			
Year Ending	Capital Lease		Lease Revenue Bonds		General Obligation Bonds	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 125,000	$ 29,063	$ 655,000	$ 1,724,632	$ 342,611	$ 118,152
2010	125,000	21,937	680,000	1,697,932	339,783	96,838
2011	125,000	14,688	710,000	1,670,132	347,099	75,380
2012	125,000	7,344	740,000	1,641,132	349,570	53,611
2013	-	-	770,000	1,610,932	347,205	31,834
2014-2018	-	-	4,415,000	7,487,883	310,000	9,765
2019-2023	-	-	5,540,000	6,368,485	-	-
2024-2028	-	-	7,060,000	4,839,675	-	-
2029-2033	-	-	8,905,000	2,995,520	-	-
2034-2037	-	-	8,710,000	805,725	-	-
Total	$ 500,000	$ 73,032	$ 38,185,000	$ 30,842,048	$ 2,036,268	$ 385,580

	Enterprise Fund Obligations	
Year Ending	Revenue Bonds Payable	
June 30	Principal	Interest
2009	$ 31,980	$ 92,196
2010	33,451	90,724
2011	34,992	89,184
2012	36,601	87,575
2013	38,286	62,275
2014-2018	185,452	404,051
2019-2023	211,576	361,744
2024-2028	264,432	309,887
2029-2033	328,959	245,361
2034-2038	409,263	165,057
2039-2043	456,989	65,894
2044-2045	87,963	3,694
Total	$ 2,119,944	$ 1,977,642

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Long-Term Obligations:

	Total Amount
General Fund:	
Incurred by County:	
Capital Lease:	
$1,800,000 public facility capital lease issued July 15, 1997, due in semi-annual installments of $65,000 through January 15, 2012, interest payable annually at 4.40%	$ 500,000
Landfill post closure care (payable by General Fund)	$ 52,088
Compensated absences (payable by General Fund)	$ 187,325
Total Incurred by County	$ 739,413
General Fund:	
Incurred by School Board:	
Lease Revenue Bonds:	
$38,815,000 lease revenue bond issued October 1, 2006, due in varying annual principal installments through October 1, 2036, interest payable semi-annually at varying interest rates. Carrying amount includes unamortized bond premium in the amount of $479,326	$ 38,664,326
General Obligation Bonds:	
$6,000,000 Virginia Public School Authority Bonds issued May 15, 1994, maturing annually through July 15, 2013; interest payable semi-annually	$ 1,850,000
$401,844 general obligation refunding loan payable issued July 30, 1998, due in annual installments of $45,016 through July 30, 2012; interest payable at 6.6%	186,268
Total General Obligation Bonds	$ 2,036,268
Total incurred by School Board	$ 40,700,594
Total Long-Term Obligations, General Fund	$ 41,440,007

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Total Amount
Enterprise Fund:	
Revenue Bonds Payable:	
$150,000 Revenue Bond, due in monthly installments of $776 through January, 2015, interest at 5%.	$ 52,463
$1,241,580 Revenue Bonds issued October 9, 2002, due in monthly installments of $5,638 through November, 2043, interest at 4.5%.	1,180,480
$482,800 Revenue Bonds issued September 6, 2005, an interest only payment is due on September 6, 2006, monthly installments of $2,081 begin October 6, 2006 through June, 2045, interest at 4.125%.	473,640
$423,000 Revenue Bond issued April 25, 2005, due in monthly installments of $3,706 through September, 2018, interest at 4.25%.	413,361
Total Revenue Bonds Payable	$ 2,119,944
Total Long-Term Obligations, Enterprise Fund	$ 2,119,944
Total Long-Term Obligations, Primary Government	$ 43,559,951

Component Unit - School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2008:

	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	$ 83,870	$ 8,915	$ 8,387	$ 84,398	$ 8,440
Total Component Unit-School Board	$ 83,870	$ 8,915	$ 8,387	$ 84,398	$ 8,440

Note 8—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 $341,914 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled $314,818 at June 30, 2008.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2008 but paid in advance by the taxpayers totaled $27,096 at June 30, 2008.

Note 9—Contingent Liabilities:

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, 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.

The following construction contracts were outstanding at June 30, 2008:

Fund	Project	Contractor	Contract Amount	Amount Remaining
Capital Projects Fund	High and Middle School	First Choice Public Private Partners	$ 40,599,830	$ 12,791,968

Note 10—Litigation:

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

Note 11 —Risk Management:

The County is exposed to various risks of loss related to torts; 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 and public officials' liability coverage with the Virginia Association of Counties Group Self Insurance Risk Pool. 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 12 —Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

Note 12 –Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2008 were 5.37% and 8.69% of annual covered payroll, respectively.

The School Board contributed $734,972, $643,783, and $403,272 to the teacher cost-sharing pool for professional employees for the fiscal years ended June 30, 2008, 2007, and 2006 respectively. These contributions represented 10.30%, 9.20%, and 6.03%, respectively, of current payroll.

C. Annual Pension Cost

For fiscal year 2008, the County's annual pension cost of $158,295 (which does not include the employees share assumed by the County of $147,388) was equal to the County's required and actual contributions.

For fiscal year 2008, the County School Board's annual pension cost for the Board's non-professional employees was $59,778 (which does not include the employees share assumed by the School Board of $34,395) which was equal to the Board's required and actuarial contributions.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2008	$ 158,295	100%	$ -
June 30, 2007	148,953	100%	-
June 30, 2006	38,297	100%	-
School Board:			
Non-Professional:			
June 30, 2008	$ 59,778	100%	$ -
June 30, 2007	60,361	100%	-
June 30, 2006	53,698	100%	-

(1) Employer portion only

Note 12 –Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.73% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years.

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the Primary Government plan was 94.15% funded. The actuarial accrued liability for benefits was $10,617,421, and the actuarial value of assets was $9,996,319, resulting in an unfunded actuarial accrued liability (UAAL) of $621,102. The covered payroll (annual payroll of active employees covered by the plan) was $2,807,947, and ratio of the UAAL to the covered payroll was 22.12%.

As of June 30, 2007, the most recent actuarial valuation date, the School Board's Non-Professional plan was 83.42% funded. The actuarial accrued liability for benefits was $3,082,963, and the actuarial value of assets was $2,571,732, resulting in an unfunded actuarial accrued liability (UAAL) of $511,231. The covered payroll (annual payroll of active employees covered by the plan) was $693,091, and ratio of the UAAL to the covered payroll was 73.76%.

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

Note 13 –Surety Bonds:

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
J. Steve Thomas, Sr., Clerk of the Circuit Court	$ 103,000
Ellen Kirby, Treasurer	400,000
Todd E. Thomas, Commissioner of the Revenue	3,000
L. Wayne Middleton, Sheriff	30,000
Fidelity and Deposit Company of Maryland - Surety:	
Board of Supervisors and County Administrator	1,000
Association of Counties Group Self Insurance Risk Pool:	
Public Officials Liability	2,000,000
Employee Dishonesty Policy	250,000

Note 14 –Commitments:

The County of Northumberland entered into a financing lease agreement dated June 29, 2000 with the Counties of Westmoreland and Richmond to lease a portion of the two counties interest in the Northern Neck Regional Jail located in the Town of Warsaw, Virginia. Annual rental payments of $390,000 are to be made through December 15, 2015 with 68% payable to Westmoreland County and 32% payable to Richmond County. Annual rental payments are subject to appropriation. After all scheduled lease payments are made Northumberland County will hold an ownership interest in the Regional Jail Facility of 25%.

Note 15 –Landfill Postclosure Costs:

The County, which operates a joint landfill with Richmond and Lancaster Counties, closed the landfill and is liable for postclosure monitoring for a period of ten years plus an additional six years of corrective action monitoring. The amount reported as landfill postclosure liability at June 30, 2008, represents one third of the total estimated liability for postclosure monitoring. The County's portion is $52,088 over a period of four years. This amount is based on what is would cost to perform all post-closure care in 2008. The total current cost of landfill postclosure care is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The County has demonstrated financial assurance requirements for closure, postclosure 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.

Required Supplementary Information

Note to Required Supplementary Information:

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

Exhibit 11

County of Northumberland, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 12,781,792	$ 12,781,792	$ 13,367,097	$ 585,305
Other local taxes	1,756,800	1,756,800	1,945,289	188,489
Permits, privilege fees, and regulatory licenses	262,400	262,400	206,459	(55,941)
Fines and forfeitures	14,000	14,000	16,987	2,987
Revenue from the use of money and property	202,150	202,150	284,401	82,251
Charges for services	26,164	26,164	37,380	11,216
Miscellaneous	149,177	149,177	244,769	95,592
Recovered costs	93,239	93,239	247,678	154,439
Intergovernmental revenues:				
Commonwealth	3,588,493	3,588,493	3,648,105	59,612
Federal	626,084	626,084	800,331	174,247
Total revenues	$ 19,500,299	$ 19,500,299	$ 20,798,496	$ 1,298,197
EXPENDITURES				
Current:				
General government administration	$ 1,372,825	$ 1,383,825	$ 1,283,522	$ 100,303
Judicial administration	735,175	735,175	714,521	20,654
Public safety	3,422,530	3,492,283	3,536,111	(43,828)
Public works	1,109,792	1,109,792	1,272,472	(162,680)
Health and welfare	3,000,196	3,005,196	1,948,819	1,056,377
Education	8,679,286	8,971,196	8,454,491	516,705
Parks, recreation, and cultural	160,000	160,000	160,000	-
Community development	488,944	488,944	427,682	61,262
Capital projects	263,493	263,493	442,581	(179,088)
Debt service:				
Principal retirement	1,105,004	1,105,004	1,130,575	(25,571)
Interest and other fiscal charges	1,925,526	1,925,526	1,921,071	4,455
Total expenditures	$ 22,262,771	$ 22,640,434	$ 21,291,845	$ 1,348,589
Excess (deficiency) of revenues over (under) expenditures	$ (2,762,472)	$ (3,140,135)	$ (493,349)	$ 2,646,786
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 3,011,724	$ 3,011,724
Transfers out	(250,000)	(250,000)	(175,095)	74,905
Total other financing sources (uses)	$ (250,000)	$ (250,000)	$ 2,836,629	$ 3,086,629
Net change in fund balances	$ (3,012,472)	$ (3,390,135)	$ 2,343,280	$ 5,733,415
Fund balances - beginning	5,800,000	5,800,000	6,056,632	256,632
Fund balances - ending	$ 2,787,528	$ 2,409,865	$ 8,399,912	$ 5,990,047

Exhibit 12

County of Northumberland, Virginia
Schedule of Pension Funding Progress
As of June 30, 2008

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2007	$ 9,996,319	$ 10,617,421	$ 621,102	94.15%	$ 2,807,947	22.12%
6/30/2006	8,921,038	9,557,192	636,154	93.34%	2,562,644	24.82%
6/30/2005	8,416,193	9,254,979	838,786	90.94%	2,427,532	34.55%
6/30/2004	8,250,120	8,001,890	(248,230)	103.10%	2,297,166	-10.81%
6/30/2003	8,157,822	7,499,682	(658,140)	108.78%	2,139,491	-30.76%
6/30/2002	8,085,504	7,013,381	(1,072,123)	115.29%	2,130,237	-50.33%
6/30/2001	7,910,854	6,477,715	(1,433,139)	122.12%	2,160,282	-66.34%
6/30/2000	7,220,237	5,823,918	(1,396,319)	123.98%	2,233,264	-62.52%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2007	$ 2,571,732	$ 3,082,963	$ 511,231	83.42%	$ 693,091	73.76%
6/30/2006	2,284,720	2,866,806	582,086	79.70%	681,421	85.42%
6/30/2005	2,143,029	2,698,627	555,598	79.41%	686,497	80.93%
6/30/2004	2,041,274	2,265,181	223,907	90.12%	673,026	33.27%
6/30/2003	1,978,094	2,116,813	138,719	93.45%	616,845	22.49%
6/30/2002	1,932,379	1,945,731	13,352	99.31%	639,325	2.09%
6/30/2001	1,844,568	1,788,196	(56,372)	103.15%	626,221	-9.00%
6/30/2000	1,643,551	1,664,265	20,714	98.76%	608,671	3.40%

Other Supplementary Information

Exhibit 13

County of Northumberland, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 1,516,605	$ 1,516,605
Total revenues	$ -	$ -	$ 1,516,605	$ 1,516,605
EXPENDITURES				
Capital projects	$ -	$ 19,678,192	$ 18,898,684	$ 779,508
Total expenditures	$ -	$ 19,678,192	$ 18,898,684	$ 779,508
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (19,678,192)	$ (17,382,079)	$ 2,296,113
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (3,011,724)	$ (3,011,724)
Total other financing sources (uses)	$ -	$ -	$ (3,011,724)	$ (3,011,724)
Net change in fund balances	$ -	$ (19,678,192)	$ (20,393,803)	$ (715,611)
Fund balances - beginning	-	19,678,192	34,645,297	14,967,105
Fund balances - ending	$ -	$ -	$ 14,251,494	$ 14,251,494

Exhibit 14

County of Northumberland, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Law Library Fund	Economic Development Fund	Total
ASSETS			
Cash and cash equivalents	$ 767	$ 16,092	$ 16,859
Receivables (net of allowance for uncollectibles):			
Notes receivable	-	8,008	8,008
Total assets	$ 767	$ 24,100	$ 24,867
LIABILITIES AND FUND BALANCES			
Fund balances:			
Unreserved:			
Designated for economic development	$ -	$ 24,100	$ 24,100
Undesignated	767	-	767
Total fund balances	$ 767	$ 24,100	$ 24,867
Total liabilities and fund balances	$ 767	$ 24,100	$ 24,867

Exhibit 15

County of Northumberland, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	Law Library Fund	Economic Development Fund	Total
REVENUES			
Revenue from the use of money and property	$ -	$ 336	$ 336
Total revenues	$ -	$ 336	$ 336
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 336	$ 336
Net change in fund balances	$ -	$ 336	$ 336
Fund balances - beginning	767	23,764	24,531
Fund balances - ending	$ 767	$ 24,100	$ 24,867

Exhibit 16

County of Northumberland, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2008

	Law Library Fund				Economic Development Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Revenue from the use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ 336	$ 336
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ 336	$ 336
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ 336	$ 336
Net change in fund balances	$ -	$ -	$ -	$ -	$ -	$ -	$ 336	$ 336
Fund balances - beginning	-	-	767	767	-	-	23,764	23,764
Fund balances - ending	$ -	$ -	$ 767	$ 767	$ -	$ -	$ 24,100	$ 24,100

Exhibit 17

County of Northumberland, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Agency Funds					
	Special Welfare	Road Improvement Bond	350th Anniversary	Tornado Relief	Fallen Heroes	Total
ASSETS						
Cash and cash equivalents	$ 81,706	$ 132,499	$ 104	$ 10,137	$ 294	$ 224,740
Total assets	$ 81,706	$ 132,499	$ 104	$ 10,137	$ 294	$ 224,740
LIABILITIES						
Amounts held for others	$ -	$ 132,499	$ 104	$ 10,137	$ 294	$ 143,034
Amounts held for social services clients	81,706	-	-	-	-	81,706
Total liabilities	$ 81,706	$ 132,499	$ 104	$ 10,137	$ 294	$ 224,740

Exhibit 18

County of Northumberland, Virginia

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 78,167	$ 99,842	$ 96,303	$ 81,706
Liabilities:				
Amounts held for social services clients	$ 78,167	$ 99,842	$ 96,303	$ 81,706
Road Improvement Bond Fund:				
Assets:				
Cash and cash equivalents	$ 127,981	$ 42,918	$ 38,400	$ 132,499
Liabilities:				
Amounts held for others	$ 127,981	$ 42,918	$ 38,400	$ 132,499
350th Anniversary Fund:				
Assets:				
Cash and cash equivalents	$ 104	$ -	$ -	$ 104
Liabilities:				
Amounts held for others	$ 104	$ -	$ -	$ 104
Tornado Relief Fund:				
Assets:				
Cash and cash equivalents	$ 10,137	$ -	$ -	$ 10,137
Liabilities:				
Amounts held for others	$ 10,137	$ -	$ -	$ 10,137
Fallen Heroes Fund:				
Assets:				
Cash and cash equivalents	$ -	$ 1,201	$ 907	$ 294
Liabilities:				
Amounts held for others	$ -	$ 1,201	$ 907	$ 294
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 216,389	$ 143,961	$ 135,610	$ 224,740
Total assets	$ 216,389	$ 143,961	$ 135,610	$ 224,740
Liabilities:				
Amounts held for others	$ 138,222	$ 44,119	$ 39,307	$ 143,034
Amounts held for social services clients	78,167	99,842	96,303	81,706
Total liabilities	$ 216,389	$ 143,961	$ 135,610	$ 224,740

Discretely Presented Component Unit
School Board

Exhibit 19

County of Northumberland, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2008

	School Operating Fund	Health Insurance Recovery Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,000	$ 160,267	$ -	$ 162,267
Cash in custody of others	-	-	133,478	133,478
Due from other funds	-	-	10,634	10,634
Due from other governmental units	1,335,722	-	-	1,335,722
Prepaid items	164,454	-	-	164,454
Total assets	$ 1,502,176	$ 160,267	$ 144,112	$ 1,806,555
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 12,967	$ -	$ -	$ 12,967
Accrued liabilities	1,476,575	-	-	1,476,575
Due to other funds	10,634	-	-	10,634
Total liabilities	$ 1,500,176	$ -	$ -	$ 1,500,176
Fund balances:				
Unreserved:				
Undesignated	$ 2,000	$ 160,267	$ 144,112	$ 306,379
Total fund balances	$ 2,000	$ 160,267	$ 144,112	$ 306,379
Total liabilities and fund balances	$ 1,502,176	$ 160,267	$ 144,112	$ 1,806,555

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	$ 306,379
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,481,340
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(84,398)
Net assets of governmental activities	$ 10,703,321

Exhibit 20

County of Northumberland, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2008

	School Operating Fund	Health Insurance Recovery Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 351	$ 351
Charges for services	-	-	235,352	235,352
Miscellaneous	265,865	-	17,001	282,866
Intergovernmental revenues:				
Local government	8,444,027	-	-	8,444,027
Commonwealth	5,567,748	-	-	5,567,748
Federal	1,497,754	-	51,045	1,548,799
Total revenues	$ 15,775,394	$ -	$ 303,749	$ 16,079,143
EXPENDITURES				
Current:				
Education	$ 15,357,210	$ -	$ 642,367	$ 15,999,577
Capital projects	86,683	-	-	86,683
Total expenditures	$ 15,443,893	$ -	$ 642,367	$ 16,086,260
Excess (deficiency) of revenues over (under) expenditures	$ 331,501	$ -	$ (338,618)	$ (7,117)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 331,501	$ 331,501
Transfers out	(331,501)	-	-	(331,501)
Total other financing sources and uses	$ (331,501)	$ -	$ 331,501	$ -
Net change in fund balances	$ -	$ -	$ (7,117)	$ (7,117)
Fund balances - beginning	2,000	160,267	151,229	313,496
Fund balances - ending	$ 2,000	$ 160,267	$ 144,112	$ 306,379

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above		$ (7,117)
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 is a summary of items supporting this adjustment:		
Capital outlay	$ 182,724	
Change in accumulated depreciation	665,378	
Transfer of joint tenancy assets to Component Unit from Primary Government	690,458	1,538,560
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.		(528)
Change in net assets of governmental activities		$ 1,530,915

Exhibit 21

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Miscellaneous	$ 73,050	$ 73,050	$ 265,865	$ 192,815
Intergovernmental revenues:				
Local government	8,672,409	8,964,319	8,444,027	(520,292)
Commonwealth	5,549,463	5,549,463	5,567,748	18,285
Federal	1,025,958	1,025,958	1,497,754	471,796
Total revenues	$ 15,320,880	$ 15,612,790	$ 15,775,394	$ 162,604
EXPENDITURES				
Current:				
Education	$ 14,894,628	$ 15,186,538	$ 15,357,210	$ (170,672)
Capital projects	86,683	86,683	86,683	-
Total expenditures	$ 14,981,311	$ 15,273,221	$ 15,443,893	$ (170,672)
Excess (deficiency) of revenues over (under) expenditures	$ 339,569	$ 339,569	$ 331,501	$ (8,068)
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (339,569)	$ (339,569)	$ (331,501)	$ 8,068
Total other financing sources (uses)	$ (339,569)	$ (339,569)	$ (331,501)	$ 8,068
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	2,000	2,000
Fund balances - ending	$ -	$ -	$ 2,000	$ 2,000

Exhibit 22

County of Northumberland, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2008

	School Cafeteria Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 213	$ 213	$ 351	$ 138
Charges for services	248,426	248,426	235,352	(13,074)
Miscellaneous	2,400	2,400	17,001	14,601
Intergovernmental revenues:	-	-		
Federal	-	-	51,045	51,045
Total revenues	$ 251,039	$ 251,039	$ 303,749	$ 52,710
EXPENDITURES				
Current:				
Education	$ 590,608	$ 590,608	$ 642,367	$ (51,759)
Total expenditures	$ 590,608	$ 590,608	$ 642,367	$ (51,759)
Excess (deficiency) of revenues over (under) expenditures	$ (339,569)	$ (339,569)	$ (338,618)	$ 951
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 339,569	$ 339,569	$ 331,501	$ (8,068)
Total other financing sources (uses)	$ 339,569	$ 339,569	$ 331,501	$ (8,068)
Net change in fund balances	$ -	$ -	$ (7,117)	$ (7,117)
Fund balances - beginning	-	-	151,229	151,229
Fund balances - ending	$ -	$ -	$ 144,112	$ 144,112

SUPPORTING SCHEDULES

County of Northumberland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 9,972,408	$ 9,972,408	$ 10,394,772	$ 422,364
Real and personal public service corporation taxes	100,000	100,000	133,123	33,123
Personal property taxes	2,058,840	2,058,840	2,124,878	66,038
Custom house boat taxes	354,744	354,744	393,798	39,054
Mobile home taxes	30,000	30,000	24,932	(5,068)
Machinery and tools taxes	100,800	100,800	101,883	1,083
Merchant's capital taxes	40,000	40,000	43,983	3,983
Penalties	80,000	80,000	98,246	18,246
Interest	45,000	45,000	51,482	6,482
Total general property taxes	$ 12,781,792	$ 12,781,792	$ 13,367,097	$ 585,305
Other local taxes:				
Local sales and use taxes	$ 700,000	$ 700,000	$ 725,826	$ 25,826
Consumers' utility taxes	516,800	516,800	322,544	(194,256)
Consumption tax	45,000	45,000	52,871	7,871
Communications tax	-	-	438,814	438,814
Cable television franchise license tax	30,000	30,000	-	(30,000)
Motor vehicle licenses	20,000	20,000	9,604	(10,396)
Bank stock taxes	150,000	150,000	160,883	10,883
Taxes on recordation and wills	295,000	295,000	234,747	(60,253)
Total other local taxes	$ 1,756,800	$ 1,756,800	$ 1,945,289	$ 188,489
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 11,000	$ 11,000	$ 28,025	$ 17,025
Land use application fees	20,000	20,000	2,690	(17,310)
Transfer fees	1,000	1,000	872	(128)
Permits and other licenses	230,400	230,400	174,872	(55,528)
Total permits, privilege fees, and regulatory licenses	$ 262,400	$ 262,400	$ 206,459	$ (55,941)
Fines and forfeitures:				
Court fines and forfeitures	$ 14,000	$ 14,000	$ 16,987	$ 2,987
Revenue from use of money and property:				
Revenue from use of money	$ 200,000	$ 200,000	$ 282,100	$ 82,100
Revenue from use of property	2,150	2,150	2,301	151
Total revenue from use of money and property	$ 202,150	$ 202,150	$ 284,401	$ 82,251
Charges for services:				
Sheriff's fees	$ 539	$ 539	$ 539	$ -
Court costs	8,500	8,500	16,906	8,406
Charges for Commonwealth's Attorney	400	400	531	131
Charges for correction and detention	200	200	3,037	2,837
Charges for other public works	-	-	552	552
Street light reimbursement	16,000	16,000	15,058	(942)
Charges for other protection	525	525	35	(490)
Charges for community development	-	-	722	722
Total charges for services	$ 26,164	$ 26,164	$ 37,380	$ 11,216

County of Northumberland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	$ 149,177	$ 149,177	$ 244,769	$ 95,592
Recovered costs:				
Regional jail	$ 81,239	$ 81,239	$ 81,239	$ -
Richmond County - Burn building	-	-	143,342	143,342
DMV License Agent fee	12,000	12,000	23,097	11,097
Total recovered costs	$ 93,239	$ 93,239	$ 247,678	$ 154,439
Total revenue from local sources	$ 15,285,722	$ 15,285,722	$ 16,350,060	$ 1,064,338
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	$ 7,100	$ 7,100	$ -	$ (7,100)
Wine taxes	7,500	7,500	-	(7,500)
Motor vehicle carriers' tax	200	200	23	(177)
Mobile home titling tax	30,000	30,000	21,899	(8,101)
Auto rental tax	-	-	151	151
Recordation and grantors tax	80,000	80,000	118,045	38,045
Personal property tax relief funds	928,800	928,800	945,180	16,380
Total noncategorical aid	$ 1,053,600	$ 1,053,600	$ 1,085,298	$ 31,698
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 208,758	$ 208,758	$ 208,403	$ (355)
Sheriff	700,000	700,000	762,664	62,664
Commissioner of revenue	90,000	90,000	101,870	11,870
Treasurer	102,055	102,055	134,588	32,533
Medical examiner	60	60	(80)	(140)
Registrar/electoral board	40,000	40,000	52,267	12,267
Clerk of the Circuit Court	175,000	175,000	172,768	(2,232)
Total shared expenses	$ 1,315,873	$ 1,315,873	$ 1,432,480	$ 116,607
Other categorical aid:				
Public assistance and welfare administration	$ 328,354	$ 328,354	$ 318,846	$ (9,508)
Burn building grant	330,000	330,000	330,000	-
Animal friendly plates	-	-	187	187
Victim witness program	23,176	23,176	22,748	(428)
DMV grant	3,872	3,872	-	(3,872)
EMS - Two for life	12,000	12,000	23,553	11,553
School resource officer	-	-	42,885	42,885
Comprehensive services act	392,000	392,000	161,652	(230,348)
Forfeited assets	-	-	4,598	4,598
PSAP grant	100,000	100,000	150,000	50,000
Fire programs fund	29,618	29,618	32,189	2,571

County of Northumberland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Wireless grant	$ -	$ -	$ 42,202	$ 42,202
DCJS grant	-	-	1,467	1,467
Total other categorical aid	$ 1,219,020	$ 1,219,020	$ 1,130,327	$ (88,693)
Total categorical aid	$ 2,534,893	$ 2,534,893	$ 2,562,807	$ 27,914
Total revenue from the Commonwealth	$ 3,588,493	$ 3,588,493	$ 3,648,105	$ 59,612
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 625,084	$ 625,084	$ 608,839	$ (16,245)
ISTEA grant	-	-	159,908	159,908
Ground transportation	-	-	25,865	25,865
Terrorism prevention	-	-	3,125	3,125
Homeland security	1,000	1,000	969	(31)
CDBG	-	-	1,625	1,625
Total categorical aid	$ 626,084	$ 626,084	$ 800,331	$ 174,247
Total revenue from the federal government	$ 626,084	$ 626,084	$ 800,331	$ 174,247
Total General Fund	$ 19,500,299	$ 19,500,299	$ 20,798,496	$ 1,298,197
Special Revenue Funds:				
Economic Development Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 336	$ 336
Total Economic Development Fund	$ -	$ -	$ 336	$ 336
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 1,516,605	$ 1,516,605
Total revenue from local sources	$ -	$ -	$ 1,516,605	$ 1,516,605
Total County Capital Projects Fund	$ -	$ -	$ 1,516,605	$ 1,516,605
Total Primary Government	$ 19,500,299	$ 19,500,299	$ 22,315,437	$ 2,815,138

County of Northumberland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	$ 73,050	$ 73,050	$ 265,865	$ 192,815
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northumberland, Virginia	$ 8,672,409	$ 8,964,319	$ 8,444,027	$ (520,292)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 1,493,694	$ 1,493,694	$ 1,428,727	$ (64,967)
Basic school aid	2,320,064	2,320,064	2,295,538	(24,526)
Primary class size	106,578	106,578	97,344	(9,234)
At risk payments	169,558	169,558	113,823	(55,735)
Early reading intervention	7,651	7,651	8,608	957
English as a second language	25,017	25,017	11,636	(13,381)
Enrollment loss	-	-	15,571	15,571
Foster care	7,451	7,451	5,340	(2,111)
GED funding	-	-	11,859	11,859
Gifted and talented	20,706	20,706	20,426	(280)
Homebound	4,347	4,347		(4,347)
Lottery proceeds	111,608	111,608	111,000	(608)
Adult literacy	-	-	70,000	70,000
Mentor teacher program	-	-	1,113	1,113
Remedial education	66,665	66,665	65,763	(902)
Remedial summer education	48,242	48,242	42,802	(5,440)
Adult education	-	-	14,345	14,345
Salary supplement	155,046	155,046	154,444	(602)
School construction	110,761	110,761	110,480	(281)
School food program	-	-	8,514	8,514
School fringes	322,717	322,717	318,354	(4,363)
Special education	319,687	319,687	354,662	34,975
Race to GED	-	-	44,916	44,916
Standards of Learning algebra readiness	8,795	8,795	9,798	1,003
Textbook payment	50,645	50,645	49,960	(685)
Technology VPSA	128,000	128,000	128,000	-
Other state funds	-	-	3,000	3,000
Vocational education	72,231	72,231	71,725	(506)
Total categorical aid	$ 5,549,463	$ 5,549,463	$ 5,567,748	$ 18,285
Total revenue from the Commonwealth	$ 5,549,463	$ 5,549,463	$ 5,567,748	$ 18,285

County of Northumberland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Adult literacy	$ -	$ -	$ 132,899	$ 132,899
Title I	421,545	421,545	417,860	(3,685)
Advanced placement	-	-	53	53
Vocational education	34,683	34,683	34,724	41
Title V	3,735	3,735	21,691	17,956
Title VIB	120,000	120,000	273,150	153,150
School food program	339,569	339,569	322,987	(16,582)
Title II Part A	93,207	93,207	188,361	95,154
Title II Part D	4,615	4,615	4,472	(143)
Drug free	8,604	8,604	10,666	2,062
JROTC grant	-	-	65,591	65,591
Title VI - rural education	-	-	25,300	25,300
Total categorical aid	$ 1,025,958	$ 1,025,958	$ 1,497,754	$ 471,796
Total revenue from the federal government	$ 1,025,958	$ 1,025,958	$ 1,497,754	$ 471,796
Total School Operating Fund	$ 15,320,880	$ 15,612,790	$ 15,775,394	$ 162,604
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 213	$ 213	$ 351	$ 138
Charges for services:				
Cafeteria sales	$ 248,426	$ 248,426	$ 235,352	$ (13,074)
Miscellaneous revenue:				
Miscellaneous	$ 2,400	$ 2,400	$ 17,001	$ 14,601
Total revenue from local sources	$ 251,039	$ 251,039	$ 252,704	$ 1,665
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Commodities	$ -	$ -	$ 51,045	$ 51,045
Total categorical aid	$ -	$ -	$ 51,045	$ 51,045
Total revenue from the federal government	$ -	$ -	$ 51,045	$ 51,045
Total School Cafeteria Fund	$ 251,039	$ 251,039	$ 303,749	$ 52,710
Total Discretely Presented Component Unit - School Board	$ 15,571,919	$ 15,863,829	$ 16,079,143	$ 215,314

County of Northumberland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 331,776	$ 331,776	$ 301,592	$ 30,184
General and financial administration:				
County administrator	$ 226,712	$ 226,712	$ 233,995	$ (7,283)
Legal services	15,000	15,000	15,000	-
Commissioner of revenue	281,123	281,123	278,714	2,409
Independent Auditor	31,650	31,650	29,000	2,650
Treasurer	320,560	320,560	313,690	6,870
Reassessment	50,000	50,000	(21)	50,021
Total general and financial administration	$ 925,045	$ 925,045	$ 870,378	$ 54,667
Board of elections:				
Electoral board and officials	$ 36,967	$ 47,967	$ 41,453	$ 6,514
Registrar	79,037	79,037	70,099	8,938
Total board of elections	$ 116,004	$ 127,004	$ 111,552	$ 15,452
Total general government administration	$ 1,372,825	$ 1,383,825	$ 1,283,522	$ 100,303
Judicial administration:				
Courts:				
Circuit court	$ 15,918	$ 15,918	$ 19,460	$ (3,542)
General district court	3,400	3,400	2,814	586
Victim witness protection program	27,692	27,692	24,748	2,944
Juvenile and domestic relations district court	75,574	75,574	88,851	(13,277)
Clerk of the circuit court	302,669	302,669	271,687	30,982
Total courts	$ 425,253	$ 425,253	$ 407,560	$ 17,693
Commonwealth's attorney:				
Commonwealth's attorney	$ 309,922	$ 309,922	$ 306,961	$ 2,961
Total judicial administration	$ 735,175	$ 735,175	$ 714,521	$ 20,654
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 1,776,830	$ 1,846,583	$ 1,897,962	$ (51,379)
Fire and rescue services:				
Fire department	$ 590,597	$ 590,597	$ 749,737	$ (159,140)
Ambulance and rescue services	153,545	153,545	155,178	(1,633)
Total fire and rescue services	$ 744,142	$ 744,142	$ 904,915	$ (160,773)
Correction and detention:				
Payments to Regional Jail	$ 390,000	$ 390,000	$ 390,000	$ -
Total correction and detention	$ 390,000	$ 390,000	$ 390,000	$ -
Inspections:				
Building	$ 180,581	$ 180,581	$ 175,267	$ 5,314

County of Northumberland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	$ 75,627	$ 75,627	$ 79,854	$ (4,227)
Emergency services	255,000	255,000	88,053	166,947
Medical examiner	350	350	60	290
Total other protection	$ 330,977	$ 330,977	$ 167,967	$ 163,010
Total public safety	$ 3,422,530	$ 3,492,283	$ 3,536,111	$ (43,828)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	$ 18,000	$ 18,000	$ 13,262	$ 4,738
Sanitation and waste removal:				
Refuse disposal	$ 20,000	$ 20,000	$ 23,830	$ (3,830)
Refuse collection	879,830	879,830	1,034,732	(154,902)
Total sanitation and waste removal	$ 899,830	$ 899,830	$ 1,058,562	$ (158,732)
Maintenance of general buildings and grounds:				
General properties	$ 191,962	$ 191,962	$ 200,648	$ (8,686)
Total public works	$ 1,109,792	$ 1,109,792	$ 1,272,472	$ (162,680)
Health and welfare:				
Health:				
Supplement of local health department	$ 191,237	$ 196,237	$ 196,237	$ -
Mental health and mental retardation:				
Community services board	$ 39,359	$ 39,359	$ 39,359	$ -
Welfare:				
Public assistance and welfare administration	$ 1,586,558	$ 1,586,558	$ 1,155,508	$ 431,050
Comprehensive services act	932,990	932,990	376,741	556,249
Other Social Services	250,052	250,052	180,974	69,078
Total welfare	$ 2,769,600	$ 2,769,600	$ 1,713,223	$ 1,056,377
Total health and welfare	$ 3,000,196	$ 3,005,196	$ 1,948,819	$ 1,056,377
Education:				
Other instructional costs:				
Contributions to Community College	$ 6,877	$ 6,877	$ 6,877	$ -
Adult education	-	-	3,587	(3,587)
Contribution to County School Board	8,672,409	8,964,319	8,444,027	520,292
Total education	$ 8,679,286	$ 8,971,196	$ 8,454,491	$ 516,705
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 50,000	$ 50,000	$ 50,000	$ -

County of Northumberland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to county library	$ 110,000	$ 110,000	$ 110,000	$ -
Total parks, recreation, and cultural	$ 160,000	$ 160,000	$ 160,000	$ -
Community development:				
Planning and community development:				
Planning and zoning	$ 339,000	$ 339,000	$ 306,310	$ 32,690
Economic development	35,000	35,000	33,070	1,930
Planning district commission	16,000	16,000	13,000	3,000
Total planning and community development	$ 390,000	$ 390,000	$ 352,380	$ 37,620
Environmental management:				
Contribution to soil and water conservation district	$ 10,600	$ 10,600	$ 10,600	$ -
Wetlands	25,480	25,480	17,374	8,106
Forestry	4,000	4,000	3,606	394
Total environmental management	$ 40,080	$ 40,080	$ 31,580	$ 8,500
Cooperative extension program:				
Extension office	$ 58,864	$ 58,864	$ 43,722	$ 15,142
Total community development	$ 488,944	$ 488,944	$ 427,682	$ 61,262
Capital projects:				
County owned facilities	$ 50,000	$ 50,000	$ 35,132	$ 14,868
Animal shelter	-	-	146,035	(146,035)
Rice's Hotel/Hughlet's Tavern	-	-	159,908	(159,908)
Fleeton/Callao Sewer project	40,000	40,000	-	40,000
New court facility	173,493	173,493	101,506	71,987
Total capital projects	$ 263,493	$ 263,493	$ 442,581	$ (179,088)
Debt service:				
Principal retirement	$ 1,105,004	$ 1,105,004	$ 1,130,575	$ (25,571)
Interest and other fiscal charges	1,925,526	1,925,526	1,921,071	4,455
Total debt service	$ 3,030,530	$ 3,030,530	$ 3,051,646	$ (21,116)
Total General Fund	$ 22,262,771	$ 22,640,434	$ 21,291,845	$ 1,348,589
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	$ -	$ 19,678,192	$ 18,898,684	$ 779,508
Total capital projects	$ -	$ 19,678,192	$ 18,898,684	$ 779,508
Total County Capital Projects Fund	$ -	$ 19,678,192	$ 18,898,684	$ 779,508
Total Primary Government	$ 22,262,771	$ 42,318,626	$ 40,190,529	$ 2,128,097

County of Northumberland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	$ 608,204	$ 608,204	$ 585,686	$ 22,518
Instruction costs	11,794,380	12,086,290	12,223,676	(137,386)
Pupil transportation	1,230,839	1,230,839	1,218,999	11,840
Operation and maintenance of school plant	1,261,205	1,261,205	1,328,849	(67,644)
Other operating costs	$ 14,894,628	$ 15,186,538	$ 15,357,210	$ (170,672)
Total education	$ 14,894,628	$ 15,186,538	$ 15,357,210	$ (170,672)
Capital projects:				
Capital Outlay	$ 86,683	$ 86,683	$ 86,683	$ -
Total School Operating Fund	$ 14,981,311	$ 15,273,221	$ 15,443,893	$ (170,672)
School Cafeteria Fund:				
Education:				
School food services:				
School food	$ 590,608	$ 590,608	$ 591,322	$ (714)
Commodities	-	-	51,045	(51,045)
Total school food services	$ 590,608	$ 590,608	$ 642,367	$ (51,759)
Total School Cafeteria Fund	$ 590,608	$ 590,608	$ 642,367	$ (51,759)
Total Discretely Presented Component Unit - School Board	$ 15,571,919	$ 15,863,829	$ 16,086,260	$ (222,431)

Other Statistical Information

Table 1

County of Northumberland, Virginia
Government-Wide Expenses by Function
Last Six Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2002-03	$ 998,389	$ 427,647	$ 2,122,218	$ 763,472	$ 1,488,152	$ 6,788,667	$ 124,754	$ 260,126	$ 334,898	$ 172,120	$ 13,480,443
2003-04	899,749	587,546	2,209,016	1,080,865	1,603,072	7,209,313	148,157	290,630	298,574	343,489	14,670,411
2004-05	1,381,451	565,629	2,535,825	952,156	1,637,143	7,139,887	152,433	315,943	259,361	435,471	15,375,299
2005-06	1,167,467	677,235	2,584,733	1,393,744	1,906,874	8,103,546	455,941	369,958	227,386	554,693	17,441,577
2006-07	1,250,550	913,462	2,786,622	1,299,662	1,979,837	11,307,420	154,433	462,873	1,757,383	641,660	22,553,902
2007-08	1,185,448	897,658	3,325,552	1,261,074	1,963,371	10,145,703	162,433	582,207	1,906,293	725,364	22,155,103

(1) Information has only been available for six years.

Table 2

County of Northumberland, Virginia
Government-Wide Revenues
Last Six Fiscal Years (1)

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2002-03	$ 385,547	$ 2,202,978	$ -	$ 9,618,899	$ 1,306,303	$ 86,105	$ 316,272	$ 2,160,855	$ 16,076,959
2003-04	421,257	2,456,159	-	9,880,206	1,453,219	62,689	243,962	2,262,035	16,779,527
2004-05	538,508	2,630,761	-	10,057,777	2,123,379	148,142	174,627	1,542,174	17,215,368
2005-06	583,726	3,154,412	303,508	10,544,679	1,770,014	364,520	326,230	1,159,186	18,206,275
2006-07	535,960	3,073,567	68,266	13,176,306	2,236,690	1,600,110	241,736	1,109,209	22,041,844
2007-08	569,645	2,871,605	630,311	13,447,313	1,945,289	1,801,426	345,799	1,085,298	22,696,686

(1) Information has only been available for six years.

Table 3

County of Northumberland, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
1998-99	$ 1,003,827	$ 409,171	$ 2,054,387	$ 703,383	$ 1,383,577	$ 9,755,228	$ 113,061	$ 260,260	$ 1,045,702	$ 16,728,596
1999-00	941,442	464,797	2,639,575	730,560	1,318,112	10,658,219	129,997	282,714	1,096,608	18,262,024
2000-01	991,640	486,287	1,893,443	799,660	1,416,583	11,383,718	144,701	267,508	1,115,993	18,499,533
2001-02	998,280	488,981	2,302,226	765,716	1,598,619	11,984,584	102,232	248,027	1,026,005	19,514,670
2002-03	959,867	448,715	2,162,596	793,640	1,525,743	11,934,862	125,069	265,521	990,349	19,206,362
2003-04	1,045,974	508,613	2,339,340	1,046,480	1,598,822	12,137,999	145,724	283,751	950,979	20,057,682
2004-05	1,257,538	474,654	2,670,462	997,539	1,668,411	13,313,882	150,000	315,943	809,129	21,657,558
2005-06	1,135,395	586,260	2,637,176	1,059,637	1,955,569	14,395,941	453,508	376,810	784,106	23,384,402
2006-07	1,275,536	684,040	2,894,649	1,282,308	1,955,978	15,144,972	150,000	462,872	2,533,503	26,383,858
2007-08	1,283,522	714,521	3,536,111	1,272,472	1,948,819	16,010,041	160,000	427,682	3,051,646	28,404,814

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 4

County of Northumberland, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
1998-99	$ 8,066,384	$ 1,081,422	$ 127,841	$ 5,988	$ 273,450	$ 231,519	$ 181,396	$ 106,433	$ 6,973,589	$ 17,048,022
1999-00	8,042,155	1,114,631	178,039	5,214	283,341	238,009	84,284	75,216	7,684,882	17,705,771
2000-01	8,686,944	1,191,459	120,946	6,416	220,398	245,501	189,415	81,559	8,246,156	18,988,794
2001-02	9,253,511	1,222,411	228,816	6,320	121,693	219,244	181,017	131,576	8,852,876	20,217,464
2002-03	9,552,198	1,306,303	255,528	6,823	88,827	232,640	192,355	316,421	8,690,499	20,641,594
2003-04	9,917,813	1,453,219	283,767	15,992	61,878	231,386	289,558	326,174	9,016,617	21,596,404
2004-05	10,095,628	1,639,007	277,798	15,199	152,963	225,432	283,937	128,241	9,942,948	22,761,153
2005-06	10,624,629	1,770,014	300,830	17,110	364,317	285,150	397,411	98,791	10,508,029	24,366,281
2006-07	13,105,187	1,583,747	218,274	12,185	352,575	267,989	381,660	98,462	11,209,787	27,229,866
2007-08	13,367,097	1,945,289	206,459	16,987	285,088	272,732	527,635	247,678	11,564,983	28,433,948

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

County of Northumberland, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1998-99	$ 7,975,198	$ 7,561,865	94.82%	$ 336,878	$ 7,898,743	99.04%	$ 762,913	9.57%
1999-00	8,136,588	7,827,968	96.21%	338,879	8,166,847	100.37%	650,180	7.99%
2000-01	9,101,549	8,845,559	97.19%	244,162	9,089,721	99.87%	590,960	6.49%
2001-02	9,934,344	9,677,025	97.41%	272,696	9,949,721	100.15%	369,601	3.72%
2002-03	10,220,351	10,026,352	98.10%	258,710	10,285,062	100.63%	472,851	4.63%
2003-04	10,577,447	10,312,979	97.50%	301,132	10,614,111	100.35%	350,536	3.31%
2004-05	10,846,397	10,653,628	98.22%	175,814	10,829,442	99.84%	358,608	3.31%
2005-06	11,403,071	11,271,995	98.85%	170,729	11,442,724	100.35%	294,952	2.59%
2006-07	13,873,126	13,688,759	98.67%	195,874	13,884,633	100.08%	202,803	1.46%
2007-08	14,238,395	14,013,307	98.42%	179,242	14,192,549	99.68%	310,307	2.18%

(1) Exclusive of penalties and interest.
(2) Includes three most current delinquent tax years and first half of current tax year.
(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Table 6

County of Northumberland, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
1998-99	$ 966,743,445	$ 66,886,116	$ 3,477,492	$ 4,104,813	$ 28,477,813	$ 1,069,689,679
1999-00	982,875,409	68,711,155	4,374,436	3,827,549	28,189,031	1,087,977,580
2000-01	1,116,806,424	73,623,482	3,312,153	4,664,617	34,271,251	1,232,677,927
2001-02	1,141,632,698	76,620,226	4,314,853	3,557,029	34,634,980	1,260,759,786
2002-03	1,171,592,883	81,299,045	3,082,537	3,568,871	32,246,606	1,291,789,942
2003-04	1,210,105,972	77,884,880	2,856,528	3,572,444	30,312,999	1,324,732,823
2004-05	1,249,704,479	88,848,479	2,476,351	3,601,360	24,261,228	1,368,891,897
2005-06	1,297,949,514	96,277,035	3,312,711	4,123,126	20,174,479	1,421,836,865
2006-07	2,829,613,762	99,792,019	3,062,848	4,316,128	38,647,253	2,975,432,010
2007-08	2,902,222,017	103,742,431	2,887,999	4,386,808	36,978,612	3,050,217,867

(1) Real estate and personal property is assessed at 100% of fair market value.
(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Northumberland, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Merchant's Capital	Machinery and Tools
1998-99	$ 0.56	$ 0.56	$ 3.60	$ 2.00	$ 3.60
1999-00	0.56	0.56	3.60	2.00	3.60
2000-01	0.56	0.56	3.60	2.00	3.60
2001-02	0.61	0.61	3.60	2.00	3.60
2002-03	0.61	0.61	3.60	2.00	3.60
2003-04	0.61	0.61	3.60	2.00	3.60
2004-05	0.61	0.61	3.60	1.00	3.60
2005-06	0.61	0.61	3.60	1.00	3.60
2006-07	0.36	0.36	3.60	1.00	3.60
2007-08	0.36	0.36	3.60	1.00	3.60

(1) Per $100 of assessed value.

Table 8

County of Northumberland, Virginia
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)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1998-99	10,524	$ 1,069,689,679	$ 6,186,844	0.58%	$ 588
1999-00	10,524	1,087,977,580	5,683,590	0.52%	540
2000-01	12,529	1,232,677,927	5,169,121	0.42%	413
2001-02	12,529	1,260,759,786	4,663,335	0.37%	372
2002-03	12,529	1,291,789,942	4,151,206	0.32%	331
2003-04	12,529	1,324,732,823	3,637,582	0.27%	290
2004-05	12,529	1,368,891,897	3,232,385	0.24%	258
2005-06	12,529	1,421,836,865	2,820,509	0.20%	225
2006-07	12,529	2,975,432,010	2,406,843	0.08%	192
2007-08	12,529	3,050,217,867	2,036,268	0.07%	163

(1) Center for Public Service at the University of Virginia.
(2) Real property assessed at 100% of fair market value.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

COMPLIANCE SECTION

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 Northumberland
Northumberland, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Northumberland, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County of Northumberland, Virginia's basic financial statements and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Northumberland, 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 Northumberland, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Northumberland, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Northumberland, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the County of Northumberland, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Northumberland, Virginia's internal control. We consider the deficiency (2008-01) described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency (2008-01) in the schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Northumberland, 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 other matters involving the internal control and its operation that we have reported to the management of the County of Northumberland, Virginia, in a separate letter dated December 15, 2008.

The County of Northumberland, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Northumberland, Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity 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

Richmond, Virginia
December 15, 2008

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

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

Compliance

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

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

Internal Control Over Compliance

The management of the County of Northumberland, 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 Northumberland, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Northumberland, Virginia's internal control over compliance.

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

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

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

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity 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

Richmond, Virginia
December 15, 2008

County of Northumberland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	$ 23,172
Temporary Assistance to Needy Families (TANF)	93.558	68,038
Refugee and Entrant Assistance - Discretionary Grants	93.566	566
Low Income Home Energy Assistance	93.568	2,615
Payments to States for Child Care Assistance	93.575	56,905
Child Care and Development Fund	93.596	35,632
Chafee Education and Training Vouchers	93.599	2,379
Child Welfare Services - State Grants	93.645	522
Foster Care - Title IV-E	93.658	42,217
Adoption Assistance	93.659	15,851
Social Services Block Grant	93.667	92,218
Independent Living	93.674	1,964
State Children's Insurance Program	93.767	6,584
Medical Assistance Program (Title XIX)	93.778	111,381
Total Department of Health and Human Services		$ 460,044
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Terrorism prevention	97.xxx	$ 3,125
State Homeland Security Grant	97.004	969
Total U. S. Department of Homeland Security		$ 4,094
Department of Defense:		
Direct payments:		
Jr ROTC	12.xxx	$ 65,591
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	$ 25,865
Department of Transportation:		
Highway and planning construction	20.205	159,908
Total Department of Transportation		$ 185,773

County of Northumberland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Agriculture:		
Direct Payments:		
Water Systems for Rural Communities	10.760	$ 138,778
Total Department of Agriculture - direct payments		$ 138,778
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	$ 50,628
Food Distribution-Summer feeding program	10.559	417
Department of Education:		
National school breakfast program	10.553	87,093
National school lunch program	10.555	235,894
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	148,795
Total Department of Agriculture - pass-through payments		$ 522,827
Total Department of Agriculture		$ 661,605
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	$ 1,625
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	$ 132,899
Title I: Educationally deprived children	84.010	417,860
Title VI-B: Handicapped state grants	84.027	273,150
Vocational Education: Basic grants to states	84.048	34,724
Drug free schools and communities	84.186	10,666
Title V: Improving school programs state block grant	84.298	21,691
Title II, Part D	84.318	4,472
Advanced placement classes	84.330	53
Title VI - rural and low income communities	84.358	25,300
Title II, Part A	84.367	188,361
Total Department of Education		$ 1,109,176
Total Federal Expenditures		$ 2,487,908

Note 1 - General

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

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	$ 800,331
Proprietary Funds:	
Sanitary District	138,778
Total primary government	$ 939,109
Component Unit Public Schools:	
School Operating Fund	$ 1,497,754
School Cafeteria Fund	51,045
Total component unit public schools	$ 1,548,799
Total federal expenditures per basic financial statements	$ 2,487,908
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 2,487,908

County of Northumberland, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2008

Section I-Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:		*unqualified*
Internal control over financial reporting:		
Material weakness(es) identified?	✓ yes	____ no
Significant deficiencies identified that are not considered to be material weakness(es)?	____ yes	✓ none reported
Noncompliance material to financial statements noted?	____ yes	✓ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	✓ no
Significant deficiencies identified that are not considered to be material weakness(es)?	____ yes	✓ none reported
Type of auditor's report issued on compliance for major programs:		*unqualified*
Any findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ yes	✓ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I
84.027/84.173	Special Education Cluster
84.367	Improving Teacher Quality

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	____ yes ✓ no

County of Northumberland, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2008

Section II-Financial Statement Findings

2008-01

Financial Reporting

Condition: Inadequate internal controls over financial statement reporting.

Criteria: Internal controls should be in place that provides assurance that audited financial statements reconcile to the County's internal documents.

Effect: Audited financial statements, including related footnotes, may contain an undetected material misstatement.

Recommendation: Procedures should be implemented providing for the posting of all year-end adjusting entries to allow for reconciliation between the audited financial statements and the County's general ledger reports. It should be noted that significant efforts were made in FY08 to address this weakness including maintaining capital assets, reporting accrual based general expenditures and gathering revenue accrual data for posting to the general ledger.

Management's Response: The County plans additional corrective action for FY09.

Section III-Federal Award Findings and Questioned Costs

None

There were no prior year federal award findings and questioned costs.