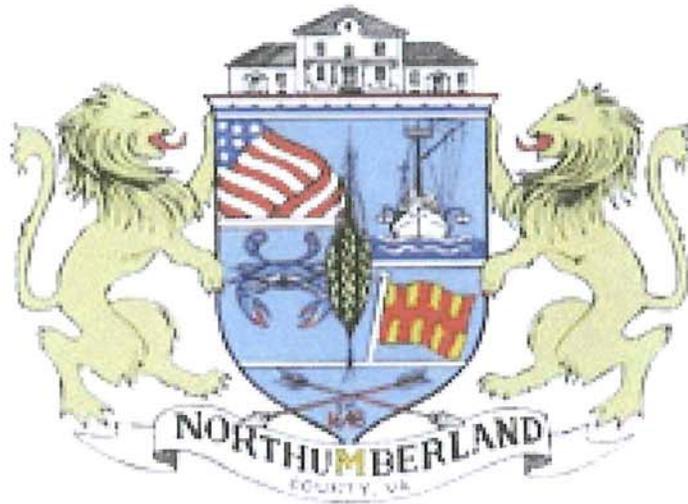


COUNTY OF NORTHUMBERLAND,
VIRGINIA



ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

THIS PAGE LEFT BLANK INTENTIONALLY

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

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NORTHUMBERLAND, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	10
Exhibit 2 Statement of Activities	11
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	14
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Net Assets – Proprietary Funds	16
Exhibit 8 Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	17
Exhibit 9 Statement of Cash Flows – Proprietary Funds	18
Exhibit 10 Statement of Fiduciary Net Assets - Fiduciary Funds	19
Notes to Financial Statements	20-46

COUNTY OF NORTHUMBERLAND, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

		Page
<u>Required Supplementary Information</u>		
Exhibit 11	Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual–General Fund	47
Exhibit 12	Schedule of Pension Funding Progress	48
Exhibit 13	Schedule of Funding Progress for Retiree Health Insurance Plan	49
<u>Other Supplementary Information</u>		
Combining and Individual Fund Financial Statements and Schedules		
Exhibit 14	Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual–County Capital Projects Fund	50
Exhibit 15	Combining Balance Sheet–Nonmajor Special Revenue Funds	51
Exhibit 16	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Nonmajor Special Revenue Funds	52
Exhibit 17	Schedule of Revenues, Expenditure, and Changes in Fund Balances– Budget and Actual–Nonmajor Special Revenue Funds	53-54
Exhibit 18	Combining Statement of Fiduciary Net Assets–Fiduciary Funds	55
Exhibit 19	Statement of Changes in Fiduciary Assets and Liabilities–Fiduciary Funds	56
Discretely Presented Component Unit School Board:		
Exhibit 20	Combining Balance Sheet	57
Exhibit 21	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds	58
Exhibit 22	Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–School Operating Fund	59
Exhibit 23	Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual–Nonmajor Special Revenue Fund	60

COUNTY OF NORTHUMBERLAND, VIRGINIA
 ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

<u>Supporting Schedules:</u>	Page
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	61-65
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	66-69
 <u>Other Statistical Information</u>	
Table 1 Government-Wide Expenses by Function – Last Six Fiscal Years	70
Table 2 Government-Wide Revenues – Last Six Fiscal Years	71
Table 3 General Governmental Expenditures by Function – Last Ten Fiscal Years	72
Table 4 General Governmental Revenues by Source – Last Ten Fiscal Years	73
Table 5 Property Tax Levies and Collections – Last Ten Fiscal Years	74
Table 6 Assessed Value of Taxable Property – Last Ten Fiscal Years	75
Table 7 Property Tax Rates – Last Ten Fiscal Years	76
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	77
 <u>Compliance</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78-79
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	80-81
Schedule of Expenditures of Federal Awards	82-83
Notes to Schedule of Expenditures of Federal Awards	84
Schedule of Findings and Questioned Costs	85-86
Schedule of Prior Findings and Questioned Costs	87

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2009, 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, 2009, 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.

As discussed in Note 16, the County implemented GASB Statement No.45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* effective June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated Draft, 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 schedules of pension funding progress and funding progress for the retiree health insurance plan 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.

Richmond, Virginia
Draft

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
Statement of Net Assets
June 30, 2009

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
ASSETS				
Cash and cash equivalents	\$ 8,611,170	\$ 154,945	\$ 8,766,115	\$ 162,267
Cash in custody of others	-	-	-	112,399
Receivables (net of allowance for uncollectibles):				
Taxes receivable	495,157	-	495,157	-
Accounts receivable	78,696	47,447	126,143	-
Notes receivable	5,502	-	5,502	-
Internal balances	30,013	(30,013)	-	-
Due from other governmental units	575,614	-	575,614	1,356,412
Prepaid expenses	-	-	-	162,300
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents for School Construction	2,254,597	-	2,254,597	-
Other assets:				
Unamortized bond issue costs	613,177	-	613,177	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	894,628	98,924	993,552	23,929
Buildings and system	40,865,972	6,077,569	46,943,541	9,429,245
Machinery and equipment	654,384	49,500	703,884	669,014
Total assets	<u>\$ 55,078,910</u>	<u>\$ 6,398,372</u>	<u>\$ 61,477,282</u>	<u>\$ 11,915,566</u>
LIABILITIES				
Accounts payable	\$ 86,377	\$ -	\$ 86,377	\$ 20,065
Accrued liabilities	-	-	-	1,494,286
Accrued interest payable	491,363	4,535	495,898	-
Due to other governmental units	1,078,122	-	1,078,122	-
Deferred revenue	31,822	-	31,822	-
Long-term liabilities:				
Due within one year	1,163,978	33,783	1,197,761	7,569
Due in more than one year	39,143,096	2,047,567	41,190,663	68,125
Total liabilities	<u>\$ 41,994,758</u>	<u>\$ 2,085,885</u>	<u>\$ 44,080,643</u>	<u>\$ 1,590,045</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 2,353,529	\$ 4,144,643	\$ 6,498,172	\$ 10,122,188
Unrestricted (deficit)	10,730,623	167,844	10,898,467	203,333
Total net assets	<u>\$ 13,084,152</u>	<u>\$ 4,312,487</u>	<u>\$ 17,396,639</u>	<u>\$ 10,325,521</u>
 Total Liabilities and Net Assets	 <u>\$ 55,078,910</u>	 <u>\$ 6,398,372</u>	 <u>\$ 61,477,282</u>	 <u>\$ 11,915,566</u>

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

County of Northumberland, Virginia
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,312,517	\$ -	\$ 287,797	\$ -	\$ (1,024,720)		\$ (1,024,720)	
Judicial administration	841,269	29,729	475,900	-	(335,640)		(335,640)	
Public safety	2,909,507	184,247	1,017,972	-	(1,707,288)		(1,707,288)	
Public works	1,206,586	12,916	-	-	(1,193,670)		(1,193,670)	
Health and welfare	1,962,122	-	1,077,126	-	(884,996)		(884,996)	
Education	9,552,038	-	42,183	-	(9,509,855)		(9,509,855)	
Parks, recreation, and cultural	89,228	-	-	-	(89,228)		(89,228)	
Community development	433,527	416	44,695	-	(388,416)		(388,416)	
Interest on long-term debt	1,860,565	-	-	-	(1,860,565)		(1,860,565)	
Total governmental activities	\$ 20,167,359	\$ 227,308	\$ 2,945,673	\$ -	\$ (16,994,378)		\$ (16,994,378)	
Business-type activities:								
Sanitary District	\$ 787,029	\$ 301,739	\$ -	\$ 66,934		\$ (418,356)	\$ (418,356)	
Total business-type activities	\$ 787,029	\$ 301,739	\$ -	\$ 66,934		\$ (418,356)	\$ (418,356)	
Total primary government	\$ 20,954,388	\$ 529,047	\$ 2,945,673	\$ 66,934			\$ (17,412,734)	
COMPONENT UNIT:								
School Board	\$ 16,136,953	\$ 201,385	\$ 5,868,042	\$ -				\$ (10,067,526)
Total component unit	\$ 16,136,953	\$ 201,385	\$ 5,868,042	\$ -				\$ (10,067,526)
General revenues:								
General property taxes					\$ 14,909,617	\$ -	\$ 14,909,617	\$ -
Other local taxes:								
Local sales and use taxes					710,233	-	710,233	-
Motor vehicle licenses					332,938	-	332,938	-
Taxes on recordation and wills					208,188	-	208,188	-
Consumer's utility taxes					331,948	-	331,948	-
Communications taxes					398,703	-	398,703	-
Other local taxes					206,516	-	206,516	-
Unrestricted revenues from use of money and property					486,072	-	486,072	291
Miscellaneous					265,043	76,400	341,443	322,979
Payments from Northumberland County					-	-	-	9,366,456
Grants and contributions not restricted to specific programs					1,089,447	-	1,089,447	-
Transfers					(177,344)	177,344	-	-
Total general revenues					\$ 18,761,361	\$ 253,744	\$ 19,015,105	\$ 9,689,726
Change in net assets					\$ 1,766,983	\$ (164,612)	\$ 1,602,371	\$ (377,800)
Net assets - beginning					11,317,169	4,477,099	15,794,268	10,703,321
Net assets - ending					\$ 13,084,152	\$ 4,312,487	\$ 17,396,639	\$ 10,325,521

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

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 8,548,345	\$ 20,891	\$ 41,934	\$ 8,611,170
Receivables (net of allowance for uncollectibles):				
Taxes receivable	495,157	-	-	495,157
Accounts receivable	78,696	-	-	78,696
Notes receivable	-	-	5,502	5,502
Due from other funds	30,013	-	-	30,013
Due from other governmental units	575,614	-	-	575,614
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents for School Construction	-	2,254,597	-	2,254,597
Total assets	<u>\$ 9,727,825</u>	<u>\$ 2,275,488</u>	<u>\$ 47,436</u>	<u>\$ 12,050,749</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 86,377	\$ -	\$ -	\$ 86,377
Due to other governmental units	1,078,122	-	-	1,078,122
Deferred revenue	376,505	-	-	376,505
Total liabilities	<u>\$ 1,541,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,541,004</u>
Fund balances:				
Unreserved, reported in:				
General fund	\$ 8,186,821	\$ -	\$ -	\$ 8,186,821
Special revenue funds	-	-	47,436	47,436
Capital projects funds	-	2,275,488	-	2,275,488
Total fund balances	<u>\$ 8,186,821</u>	<u>\$ 2,275,488</u>	<u>\$ 47,436</u>	<u>\$ 10,509,745</u>
Total liabilities and fund balances	<u>\$ 9,727,825</u>	<u>\$ 2,275,488</u>	<u>\$ 47,436</u>	<u>\$ 12,050,749</u>

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

County of Northumberland, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2009

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 10,509,745
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		42,414,984
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		957,860
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	\$ (375,000)	
Bonds payable	(39,223,657)	
Bond premium	(462,798)	
OPEB liability	(14,300)	
Accrued interest payable	(491,363)	
Landfill post closure care	(39,367)	
Compensated absences	(191,952)	(40,798,437)
Net assets of governmental activities		\$ 13,084,152

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

County of Northumberland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 14,879,752	\$ -	\$ -	\$ 14,879,752
Other local taxes	2,188,526	-	-	2,188,526
Permits, privilege fees, and regulatory licenses	180,070	-	-	180,070
Fines and forfeitures	15,480	-	-	15,480
Revenue from the use of money and property	252,020	233,807	245	486,072
Charges for services	31,758	-	-	31,758
Miscellaneous	265,043	-	-	265,043
Recovered costs	101,770	-	-	101,770
Intergovernmental revenues:				
Commonwealth	3,387,135	-	-	3,387,135
Federal	647,985	-	-	647,985
Total revenues	<u>\$ 21,949,539</u>	<u>\$ 233,807</u>	<u>\$ 245</u>	<u>\$ 22,183,591</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,247,501	\$ -	\$ -	\$ 1,247,501
Judicial administration	758,759	-	-	758,759
Public safety	3,318,605	-	-	3,318,605
Public works	1,198,684	-	14,825	1,213,509
Health and welfare	1,939,676	-	-	1,939,676
Education	9,710,710	-	-	9,710,710
Parks, recreation, and cultural	160,000	-	-	160,000
Community development	432,735	-	-	432,735
Capital projects	183,010	12,209,813	-	12,392,823
Debt service:				
Principal retirement	1,122,611	-	-	1,122,611
Interest and other fiscal charges	1,875,846	-	-	1,875,846
Total expenditures	<u>\$ 21,948,137</u>	<u>\$ 12,209,813</u>	<u>\$ 14,825</u>	<u>\$ 34,172,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,402</u>	<u>\$ (11,976,006)</u>	<u>\$ (14,580)</u>	<u>\$ (11,989,184)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 37,149	\$ 37,149
Transfers out	(214,493)	-	-	(214,493)
Total other financing sources (uses)	<u>\$ (214,493)</u>	<u>\$ -</u>	<u>\$ 37,149</u>	<u>\$ (177,344)</u>
Net change in fund balances	\$ (213,091)	\$ (11,976,006)	\$ 22,569	\$ (12,166,528)
Fund balances - beginning	8,399,912	14,251,494	24,867	22,676,273
Fund balances - ending	<u>\$ 8,186,821</u>	<u>\$ 2,275,488</u>	<u>\$ 47,436</u>	<u>\$ 10,509,745</u>

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

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, 2009

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

Net change in fund balances - total governmental funds \$ (12,166,528)

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	\$ 13,079,659	
Depreciation expense	(641,089)	
Transfer of joint tenancy assets to Component Unit from Primary Government	333,390	12,771,960

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 29,865

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The following is a summary of items supporting this adjustment:

Principal retired on public facilities lease	\$ 125,000	
Principal retired on school lease revenue bonds	655,000	
Principal decrease on landfill post closure care	12,721	
Principal retired on school general obligations	342,611	
Increase in OPEB liability	(14,300)	
Decrease in premium on issuance of lease revenue bonds	16,528	1,137,560

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.

The following is a summary of items supporting this adjustment:

(Increase) decrease in accrued leave	\$ (4,627)	
(Increase) decrease in interest payable	(1,247)	(5,874)

Change in net assets of governmental activities \$ 1,766,983

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

County of Northumberland, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Enterprise Fund <u>Sanitary District</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 154,945
Accounts receivable, net of allowance for uncollectibles	47,447
Total current assets	<u>\$ 202,392</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 98,924
Utility plant in service	7,552,780
Machinery and equipment	389,994
Less accumulated depreciation	(1,815,705)
Total capital assets	<u>\$ 6,225,993</u>
Total noncurrent assets	<u>\$ 6,225,993</u>
Total assets	<u>\$ 6,428,385</u>
LIABILITIES	
Current liabilities:	
Accrued interest payable	\$ 4,535
Due to other funds	30,013
Bonds payable - current portion	33,783
Total current liabilities	<u>\$ 68,331</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 2,047,567
Total noncurrent liabilities	<u>\$ 2,047,567</u>
Total liabilities	<u>\$ 2,115,898</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 4,144,643
Unrestricted	167,844
Total net assets	<u>\$ 4,312,487</u>

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

County of Northumberland, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund <u>Sanitary District</u>
OPERATING REVENUES	
Charges for services:	
Sanitary district fees	\$ 301,739
Total operating revenues	<u>\$ 301,739</u>
OPERATING EXPENSES	
Personal services	\$ 128,183
Fringe benefits	37,161
Other supplies and expenses	349,540
Depreciation	186,680
Total operating expenses	<u>\$ 701,564</u>
Operating income (loss)	<u>\$ (399,825)</u>
NONOPERATING REVENUES (EXPENSES)	
Rural Development grant	\$ 66,934
Connection fees	76,400
Interest expense	<u>(85,465)</u>
Total nonoperating revenues (expenses)	<u>\$ 57,869</u>
Income before contributions and transfers	<u>\$ (341,956)</u>
Transfers in	177,344
Change in net assets	<u>\$ (164,612)</u>
Total net assets - beginning	4,477,099
Total net assets - ending	<u><u>\$ 4,312,487</u></u>

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

County of Northumberland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund <u>Sanitary District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 302,186
Payments to suppliers	(349,540)
Payments to and for employees	(165,344)
Net cash provided (used) by operating activities	<u>\$ (212,698)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees	\$ 76,400
Transfers from other funds	177,344
Net cash provided (used) by noncapital financing activities	<u>\$ 253,744</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (50,626)
Principal payments on bonds	(38,594)
Capital contributions	66,934
Interest payments	(85,583)
Net cash provided (used) by capital and related financing activities	<u>\$ (107,869)</u>
Net increase (decrease) in cash and cash equivalents	\$ (66,823)
Cash and cash equivalents - beginning	221,768
Cash and cash equivalents - ending	<u>\$ 154,945</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (399,825)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	186,680
(Increase) decrease in accounts receivable	447
Total adjustments	<u>\$ 187,127</u>
Net cash provided (used) by operating activities	<u>\$ (212,698)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2009

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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (*Continued*)

As of June 30, 2009

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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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, 2009.

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, 2009.

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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (*Continued*)
As of June 30, 2009

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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (*Continued*)
As of June 30, 2009

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, Economic Development, Light Street Project and Northern Neck Rural Development Coalition.

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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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 \$64,201 at June 30, 2009 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.

	<u>Real Property</u>	<u>Personal Property</u>
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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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.

<u>Assets</u>	<u>Years</u>
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 to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting 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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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 fund at June 30, 2009:

<u>Fund</u>	<u>Amount</u>
School Operating	\$ 361,233

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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, 2009 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	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 386,325
U.S. Government Money Market Fund	2,255,085
Virginia State Non-Arbitrage Pool	<u>2,687</u>
Total	<u>\$ 2,644,097</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Government Money Market Fund	<u>\$ 2,255,085</u>	<u>\$ 2,255,085</u>
Total	<u><u>\$ 2,255,085</u></u>	<u><u>\$ 2,255,085</u></u>

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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 4—Due to/from Other Governments:

At June 30, 2009, the County has receivables due from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Northumberland	\$ -	\$ 1,078,122
Commonwealth of Virginia:		
Local sales tax	122,110	-
Welfare	35,657	-
Rolling stock tax	117	-
State Sales Tax	-	214,616
Constitutional officer reimbursements	217,649	-
DMV license agent	1,784	-
Recordation tax	26,354	-
Mobile home titling tax	5,279	-
Wireless grant	6,070	-
Communications tax	57,867	-
Comprehensive services act	56,570	-
Federal Government:		
School fund grants	-	63,674
Welfare	46,157	-
Total due from other governments	<u>\$ 575,614</u>	<u>\$ 1,356,412</u>

At June 30, 2009, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Northumberland County School Board	<u>\$ 1,078,122</u>	<u>\$ -</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 894,628	\$ -	\$ -	\$ 894,628
Capital assets subject to depreciation:				
Buildings and improvements	\$ 5,341,341	\$ 364,831	\$ -	\$ 5,706,172
Equipment	1,426,338	425,683	214,626	1,637,395
Jointly owned assets	27,467,125	12,289,145	(663,250)	40,419,520
Total capital assets subject to depreciation	\$ 34,234,804	\$ 13,079,659	\$ (448,624)	\$ 47,763,087
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,653,595	\$ 155,666	\$ -	\$ 1,809,261
Equipment	966,264	231,373	214,626	983,011
Jointly owned assets	2,866,549	254,050	(329,860)	3,450,459
Total accumulated depreciation	\$ 5,486,408	\$ 641,089	\$ (115,234)	\$ 6,242,731
Total capital assets subject to depreciation, net	\$ 28,748,396	\$ 12,438,570	\$ (333,390)	\$ 41,520,356
Governmental activities capital assets, net	\$ 29,643,024	\$ 12,438,570	\$ (333,390)	\$ 42,414,984
	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<i>Business-Type Activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 98,924	\$ -	\$ -	\$ 98,924
Construction in progress	-	-	-	-
Total capital assets not subject to depreciation	\$ 98,924	\$ -	\$ -	\$ 98,924
Capital assets subject to depreciation:				
Utility plant in service	\$ 7,545,580	\$ 7,200	\$ -	\$ 7,552,780
Vehicles and equipment	346,568	43,426	-	389,994
Total capital assets subject to depreciation	\$ 7,892,148	\$ 50,626	\$ -	\$ 7,942,774
Less: accumulated depreciation for:				
Utility plant in service	\$ 1,305,387	\$ 169,824	\$ -	\$ 1,475,211
Vehicles and equipment	323,638	16,856	-	340,494
Total accumulated depreciation	\$ 1,629,025	\$ 186,680	\$ -	\$ 1,815,705
Total capital assets subject to depreciation, net	\$ 6,263,123	\$ (136,054)	\$ -	\$ 6,127,069
Proprietary fund capital assets, net	\$ 6,362,047	\$ (136,054)	\$ -	\$ 6,225,993

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 5—Capital Assets: (Continued)

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 23,929	\$ -	\$ -	\$ 23,929
Capital assets subject to depreciation:				
Equipment	\$ 2,165,682	\$ 174,654	\$ -	\$ 2,340,336
Jointly owned assets	10,972,560	-	663,250	10,309,310
Total capital assets subject to depreciation	<u>\$ 13,138,242</u>	<u>\$ 174,654</u>	<u>\$ 663,250</u>	<u>\$ 12,649,646</u>
Less: accumulated depreciation for:				
Equipment	\$ 1,535,703	\$ 135,619	\$ -	\$ 1,671,322
Jointly owned assets	1,145,128	64,797	329,860	880,065
Total accumulated depreciation	<u>\$ 2,680,831</u>	<u>\$ 200,416</u>	<u>\$ 329,860</u>	<u>\$ 2,551,387</u>
Total capital assets subject to depreciation, net	<u>\$ 10,457,411</u>	<u>\$ (25,762)</u>	<u>\$ 333,390</u>	<u>\$ 10,098,259</u>
Component unit school board capital assets, net	<u>\$ 10,481,340</u>	<u>\$ (25,762)</u>	<u>\$ 333,390</u>	<u>\$ 10,122,188</u>

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

Governmental activities:	
General government	\$ 67,088
Judicial administration	93,020
Public safety	202,066
Public works	4,414
Health and welfare	20,451
Education	254,050
Total depreciation expense - governmental activities	<u>\$ 641,089</u>
Business type activities:	
Sanitary District	<u>\$ 186,680</u>
Total depreciation expense - primary government	<u>\$ 827,769</u>
Component Unit School Board:	
Depreciation expense	\$ 200,416
Change in accumulated depreciation due to transfer of jointly owned assets	<u>(329,860)</u>
Total depreciation expense - Component Unit School Board	<u>\$ (129,444)</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2009

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 214,493
Sanitary District	177,344	-
Light Street Project	26,000	-
Northern Neck Rural Development Coalition	11,149	-
Component Unit-School Board:		
School Operating	-	299,486
School Cafeteria	299,486	-
 Total	 <u>\$ 513,979</u>	 <u>\$ 513,979</u>

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

The remainder of this page left blank intentionally

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Primary Government Obligations:					
General Fund Obligations:					
Incurred by County:					
Claims, judgments and com- pensated absences payable	\$ 187,325	\$ 23,360	\$ 18,733	\$ 191,952	\$ 19,195
Capital lease	500,000	-	125,000	375,000	125,000
OPEB liability	-	22,100	7,800	14,300	-
Landfill post closure care	52,088	1,302	14,023	39,367	-
Total incurred by County	<u>\$ 739,413</u>	<u>\$ 46,762</u>	<u>\$ 165,556</u>	<u>\$ 620,619</u>	<u>\$ 144,195</u>
Incurred by School Board:					
General obligation bonds	\$ 2,036,268	\$ -	\$ 342,611	\$ 1,693,657	\$ 339,783
Revenue bonds payable	38,185,000	-	655,000	37,530,000	680,000
Bond premium	479,326	-	16,528	462,798	-
Total incurred by School Board	<u>\$ 40,700,594</u>	<u>\$ -</u>	<u>\$ 1,014,139</u>	<u>\$ 39,686,455</u>	<u>\$ 1,019,783</u>
Total General Fund Obligations	<u>\$ 41,440,007</u>	<u>\$ 46,762</u>	<u>\$ 1,179,695</u>	<u>\$ 40,307,074</u>	<u>\$ 1,163,978</u>
Incurred by Enterprise Fund:					
Revenue bonds payable	<u>\$ 2,119,944</u>	<u>\$ -</u>	<u>\$ 38,594</u>	<u>\$ 2,081,350</u>	<u>\$ 33,783</u>
Total Primary Government Obligations	<u>\$ 43,559,951</u>	<u>\$ 46,762</u>	<u>\$ 1,218,289</u>	<u>\$ 42,388,424</u>	<u>\$ 1,197,761</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	General Fund Obligations		School Obligations			
	Capital Lease		Lease Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	800,000	1,579,532	310,000	9,765
2015-2019	-	-	4,625,000	7,280,633	-	-
2020-2024	-	-	5,805,000	6,100,960	-	-
2025-2029	-	-	7,410,000	4,490,143	-	-
2030-2034	-	-	9,315,000	2,586,458	-	-
2035-2037	-	-	6,675,000	459,562	-	-
Total	<u>\$ 375,000</u>	<u>\$ 43,969</u>	<u>\$ 37,530,000</u>	<u>\$ 29,117,416</u>	<u>\$ 1,693,657</u>	<u>\$ 267,428</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Year Ending June 30	Enterprise Fund Obligations	
	Revenue Bonds Payable	
	Principal	Interest
2010	\$ 33,783	\$ 90,393
2011	35,346	88,830
2012	36,973	87,204
2013	38,676	85,500
2014	37,807	83,729
2015	32,659	82,203
2016	34,116	80,747
2017	35,639	79,225
2018	37,229	77,635
2019	38,890	75,973
2020	40,625	74,239
2021	42,437	72,427
2022	44,330	70,534
2023	46,308	68,556
2024	48,375	66,489
2025	50,534	64,330
2026	52,789	62,075
2027	55,146	59,718
2028	57,606	57,258
2029	60,178	54,686
2030	62,865	52,000
2031	65,672	49,192
2032	68,604	46,260
2033	71,666	43,198
2034	74,866	39,998
2035	78,209	36,655
2036	81,701	33,163
2037	85,351	29,513
2038	89,163	25,702
2039	93,145	21,719
2040	97,305	17,559
2041	101,652	13,213
2042	106,192	8,672
2043	58,763	4,698
2044	44,427	2,781
2045	42,323	896
Total	\$ 2,081,350	\$ 1,906,970

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Long-Term Obligations:

	<u>Total Amount</u>
<u>General Fund:</u>	
<u>Incurred by County:</u>	
<u>Capital Lease:</u>	
\$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%	\$ 375,000
Landfill post closure care (payable by General Fund)	\$ 39,367
OPEB liability (payable by General Fund)	\$ 14,300
Compensated absences (payable by General Fund)	\$ 191,952
Total Incurred by County	\$ 620,619
	<u>Total Amount</u>
 <u>General Fund:</u>	
<u>Incurred by School Board:</u>	
<u>Lease Revenue Bonds:</u>	
\$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.	\$ 37,992,798
<u>General Obligation Bonds:</u>	
\$6,000,000 Virginia Public School Authority Bonds issued May 15, 1994, maturing annually through July 15, 2013; interest payable semi-annually	\$ 1,540,000
\$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%	153,657
Total General Obligation Bonds	\$ 1,693,657
Total incurred by School Board	\$ 39,686,455
Total Long-Term Obligations, General Fund	\$ 40,307,074

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Total Amount</u>
<i>Enterprise Fund:</i>	
<i>Revenue Bonds Payable:</i>	
\$150,000 Revenue Bond, due in monthly installments of \$776 through January, 2015, interest at 5%.	\$ 39,049
\$1,241,580 Revenue Bonds issued October 9, 2002, due in monthly installments of \$5,638 through November, 2043, interest at 4.5%.	1,165,650
\$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%.	468,048
\$423,000 Revenue Bond issued April 25, 2005, due in monthly installments of \$3,706 through September, 2018, interest at 4.25%.	<u>408,603</u>
Total Revenue Bonds Payable	\$ <u>2,081,350</u>
Total Long-Term Obligations, Enterprise Fund	\$ <u>2,081,350</u>
Total Long-Term Obligations, Primary Government	\$ <u><u>42,388,424</u></u>

Component Unit - School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 84,398	\$ -	\$ 8,704	\$ 75,694	\$ 7,569
Total Component Unit-School Board	<u>\$ 84,398</u>	<u>\$ -</u>	<u>\$ 8,704</u>	<u>\$ 75,694</u>	<u>\$ 7,569</u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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 \$376,505 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$344,683 at June 30, 2009.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009 but paid in advance by the taxpayers totaled \$31,822 at June 30, 2009.

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, 2009:

<u>Fund</u>	<u>Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Remaining</u>
Capital Projects Fund	High and Middle School	First Choice Public Private Partners	\$ 40,599,830	\$ 1,542,331

Note 10—Litigation:

At June 30, 2009, 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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (*Continued*)
As of June 30, 2009

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 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for 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/2008AnnuRept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

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 2009 were 7.30% and 10.24% of annual covered payroll, respectively.

The School Board contributed \$573,317, \$734,972, and \$643,783 to the teacher cost-sharing pool for professional employees for the fiscal years ended June 30, 2009, 2008, and 2007 respectively. These contributions represented 8.81%, 10.30%, and 9.20%, respectively, of current payroll.

C. Annual Pension Cost

For fiscal year 2009, the County's annual pension cost of \$220,178 (which does not include the employees share assumed by the County of \$150,807) was equal to the County's required and actual contributions.

For fiscal year 2009, the County School Board's annual pension cost for the Board's non-professional employees was \$70,626 (which does not include the employees share assumed by the School Board of \$34,485) 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, 2009	\$ 220,178	100%	\$ -
June 30, 2008	158,295	100%	-
June 30, 2007	148,953	100%	-
School Board:			
Non-Professional:			
June 30, 2009	\$ 70,626	100%	\$ -
June 30, 2008	59,778	100%	-
June 30, 2007	60,361	100%	-

(1) Employer portion only

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 12 – Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50% (b) projected salary increases ranging from 3.75% to 5.60% for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to local law enforcement officers, firefighters and sheriffs per year and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County'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. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the Primary Government plan was 88.89% funded. The actuarial accrued liability for benefits was \$12,168,772, and the actuarial value of assets was \$10,817,157, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,351,615. The covered payroll (annual payroll of active employees covered by the plan) was \$2,921,685, and ratio of the UAAL to the covered payroll was 46.26%.

As of June 30, 2008, the most recent actuarial valuation date, the School Board's Non-Professional plan was 86.69% funded. The actuarial accrued liability for benefits was \$3,267,080, and the actuarial value of assets was \$2,832,189, resulting in an unfunded actuarial accrued liability (UAAL) of \$434,891. The covered payroll (annual payroll of active employees covered by the plan) was \$687,047, and ratio of the UAAL to the covered payroll was 63.30%.

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

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 13 – Surety Bonds:

	<u>Amount</u>
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, 2009, represents one third of the total estimated liability for postclosure monitoring. The County's portion is \$39,367 over a remaining period of three years. This amount is based on what it would cost to perform all post-closure care in 2009. 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.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 16—Postemployment Benefits Other Than Pensions:

Plan Description

The County of Northumberland and the County of Northumberland Public Schools offer eligible retirees post-retirement medical and dental coverage if they retire directly from the County or Schools and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). Health benefits include medical, dental and vision coverage.

Funding Policy

The County and the Schools in Northumberland allow retirees and their spouses continue to participate in the County’s medical, dental and disability coverage plans. The retiree pays 100% of all premiums. Benefits coverage stops at age 65 or upon the employees death.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board’s net OPEB obligation to the Retiree Health Plan:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Annual required contribution	\$ 22,100	\$ -
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	<u>\$ 22,100</u>	<u>\$ -</u>
Estimated Contributions made	<u>(7,800)</u>	<u>-</u>
Increase in net OPEB obligation	14,300	-
Net OPEB obligation-beginning of year	-	-
Net OPEB obligation-end of year	<u><u>\$ 14,300</u></u>	<u><u>\$ -</u></u>

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 16—Postemployment Benefits Other Than Pensions (Continued):

The County and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County : 6/30/2009	\$ 22,100	35.29%	\$ 14,300
Schools: 6/30/2009	-	0.00%	-

Funded Status and Funding Progress

As of June 30, 2009, the County’s actuarial accrued liability for benefits was \$193,500, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,044,100, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 4.53 percent.

As of June 30, 2009 the School Board’s actuarial accrued liability for benefits was \$XXXXXXX, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$XXXXXXX, and the ratio of the unfunded actuarial accrued liability to the covered payroll was XX.XX percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

COUNTY OF NORTHUMBERLAND, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 16—Postemployment Benefits Other Than Pensions (Continued):

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Retirement age for active employees—The actuary used medical trend rates consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines* and actuarial judgment to project retirement trends. These trends rates do not include the effects of changes in demographics of the covered group.

Mortality—Life expectancies were based on mortality tables from the RP-2000 Combined Healthy Mortality Tables for males and females projected to 2010 using Scale AA.

Coverage elections - The actuary used medical trend data consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines* and actuarial judgment. The actuary assumed that 20% of eligible retirees will elect coverage and 20% of retirees who elect coverage will cover their spouse.

Based on the historical and expected returns of the County and School Board's short-term investment portfolio, a discount of 4.00% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

THIS PAGE LEFT BLANK INTENTIONALLY

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.

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 14,001,708	\$ 14,001,708	\$ 14,879,752	\$ 878,044
Other local taxes	2,055,000	2,055,000	2,188,526	133,526
Permits, privilege fees, and regulatory licenses	174,600	174,600	180,070	5,470
Fines and forfeitures	14,000	14,000	15,480	1,480
Revenue from the use of money and property	202,300	202,300	252,020	49,720
Charges for services	29,164	29,164	31,758	2,594
Miscellaneous	103,400	103,400	265,043	161,643
Recovered costs	95,210	95,210	101,770	6,560
Intergovernmental revenues:				
Commonwealth	3,631,523	3,678,341	3,387,135	(291,206)
Federal	563,697	563,697	647,985	84,288
Total revenues	\$ 20,870,602	\$ 20,917,420	\$ 21,949,539	\$ 1,032,119
EXPENDITURES				
Current:				
General government administration	\$ 1,295,994	\$ 1,295,994	\$ 1,247,501	\$ 48,493
Judicial administration	706,429	725,434	758,759	(33,325)
Public safety	3,284,959	3,377,288	3,318,605	58,683
Public works	1,227,069	1,227,069	1,198,684	28,385
Health and welfare	3,027,155	3,027,155	1,939,676	1,087,479
Education	9,792,899	9,792,899	9,710,710	82,189
Parks, recreation, and cultural	160,000	160,000	160,000	-
Community development	458,417	458,417	432,735	25,682
Capital projects	50,000	157,000	183,010	(26,010)
Debt service:				
Principal retirement	1,122,611	1,122,611	1,122,611	-
Interest and other fiscal charges	1,872,346	1,872,346	1,875,846	(3,500)
Total expenditures	\$ 22,997,879	\$ 23,216,213	\$ 21,948,137	\$ 1,268,076
Excess (deficiency) of revenues over (under) expenditures	\$ (2,127,277)	\$ (2,298,793)	\$ 1,402	\$ 2,300,195
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (247,206)	\$ (247,206)	\$ (214,493)	\$ 32,713
Total other financing sources (uses)	\$ (247,206)	\$ (247,206)	\$ (214,493)	\$ 32,713
Net change in fund balances	\$ (2,374,483)	\$ (2,545,999)	\$ (213,091)	\$ 2,332,908
Fund balances - beginning	5,600,000	5,600,000	8,399,912	2,799,912
Fund balances - ending	\$ 3,225,517	\$ 3,054,001	\$ 8,186,821	\$ 5,132,820

County of Northumberland, Virginia
 Schedule of Pension Funding Progress
 As of June 30, 2009

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)
6/30/2008	\$ 10,817,157	\$ 12,168,772	\$ 1,351,615	88.89%	\$ 2,921,685	46.26%
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)
6/30/2008	\$ 2,832,189	\$ 3,267,080	\$ 434,891	86.69%	\$ 687,047	63.30%
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%

County of Northumberland, Virginia
 Schedule of Funding Progress for Retiree Health Insurance Plan
 As of June 30, 2009

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2009	\$ -	\$ 193,500	\$ 193,500	0.00%	\$ 3,044,100	6.36%

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 of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2009	\$ -	\$ -	\$ -	#DIV/0!	\$ 693,091	0.00%

INFORMATION NOT CURRENTLY AVAILABLE.

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

***COMBINING AND INDIVIDUAL FUNDS STATEMENTS
AND SCHEDULES***

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 233,807	\$ 233,807
Total revenues	\$ -	\$ -	\$ 233,807	\$ 233,807
EXPENDITURES				
Capital projects	\$ 17,000,000	\$ 17,000,000	\$ 12,209,813	\$ 4,790,187
Total expenditures	\$ 17,000,000	\$ 17,000,000	\$ 12,209,813	\$ 4,790,187
Excess (deficiency) of revenues over (under) expenditures	\$ (17,000,000)	\$ (17,000,000)	\$ (11,976,006)	\$ 5,023,994
Net change in fund balances	\$ (17,000,000)	\$ (17,000,000)	\$ (11,976,006)	\$ 5,023,994
Fund balances - beginning	17,000,000	17,000,000	14,251,494	(2,748,506)
Fund balances - ending	\$ -	\$ -	\$ 2,275,488	\$ 2,275,488

County of Northumberland, Virginia
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2009

	Law Library Fund	Economic Development Fund	Light Street Project Fund	Northern Neck Rural Development Coalition Fund	Total
ASSETS					
Cash and cash equivalents	\$ 767	\$ 18,843	\$ 11,175	\$ 11,149	\$ 41,934
Receivables (net of allowance for uncollectibles):					
Notes receivable	-	5,502	-	-	5,502
Total assets	<u>\$ 767</u>	<u>\$ 24,345</u>	<u>\$ 11,175</u>	<u>\$ 11,149</u>	<u>\$ 47,436</u>
LIABILITIES AND FUND BALANCES					
Fund balances:					
Unreserved:					
Designated for economic development	\$ -	\$ 24,345	\$ -	\$ -	\$ 24,345
Undesignated	767	-	11,175	11,149	23,091
Total fund balances	<u>\$ 767</u>	<u>\$ 24,345</u>	<u>\$ 11,175</u>	<u>\$ 11,149</u>	<u>\$ 47,436</u>
Total liabilities and fund balances	<u>\$ 767</u>	<u>\$ 24,345</u>	<u>\$ 11,175</u>	<u>\$ 11,149</u>	<u>\$ 47,436</u>

County of Northumberland, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

	Law Library Fund	Economic Development Fund	Light Street Project Fund	Northern Neck Rural Development Coalition Fund	Total
REVENUES					
Revenue from the use of money and property	\$ -	\$ 245	\$ -	\$ -	\$ 245
Miscellaneous	-	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245</u>
EXPENDITURES					
Current:					
Public works	\$ -	\$ -	\$ 14,825	\$ -	\$ 14,825
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,825</u>	<u>\$ -</u>	<u>\$ 14,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ (14,825)</u>	<u>\$ -</u>	<u>\$ (14,580)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 26,000	\$ 11,149	\$ 37,149
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,000</u>	<u>\$ 11,149</u>	<u>\$ 37,149</u>
Net change in fund balances	\$ -	\$ 245	\$ 11,175	\$ 11,149	\$ 22,569
Fund balances - beginning	767	24,100	-	-	24,867
Fund balances - ending	<u>\$ 767</u>	<u>\$ 24,345</u>	<u>\$ 11,175</u>	<u>\$ 11,149</u>	<u>\$ 47,436</u>

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, 2009

	Law Library Fund				Economic Development Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245	\$ 245
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245	\$ 245
EXPENDITURES								
Current:								
Public works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245	\$ 245
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245	\$ 245
Fund balances - beginning	-	-	767	767	-	-	24,100	24,100
Fund balances - ending	\$ -	\$ -	\$ 767	\$ 767	\$ -	\$ -	\$ 24,345	\$ 24,345

Light Street Project Fund					Northern Neck Rural Development Coalition				
Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
Original	Final				Original	Final			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 14,825	\$ (14,825)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 14,825	\$ (14,825)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (14,825)	\$ (14,825)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 26,000	\$ 26,000	\$ -	\$ -	\$ 11,149	\$ 11,149	\$ 11,149	\$ 11,149
\$ -	\$ -	\$ 26,000	\$ 26,000	\$ -	\$ -	\$ 11,149	\$ 11,149	\$ 11,149	\$ 11,149
\$ -	\$ -	\$ 11,175	\$ 11,175	\$ -	\$ -	\$ 11,149	\$ 11,149	\$ 11,149	\$ 11,149
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 11,175	\$ 11,175	\$ -	\$ -	\$ 11,149	\$ 11,149	\$ 11,149	\$ 11,149

County of Northumberland, Virginia
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	Agency Funds					<u>Total</u>
	<u>Special Welfare</u>	<u>Road Improvement Bond</u>	<u>350th Anniversary</u>	<u>Tornado Relief</u>	<u>Fallen Heroes</u>	
ASSETS						
Cash and cash equivalents	\$ 80,423	\$ 63,585	\$ 104	\$ 10,137	\$ 172	\$ 154,421
Total assets	<u>\$ 80,423</u>	<u>\$ 63,585</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 172</u>	<u>\$ 154,421</u>
LIABILITIES						
Amounts held for others	\$ -	\$ 63,585	\$ 104	\$ 10,137	\$ 172	\$ 73,998
Amounts held for social services clients	80,423	-	-	-	-	80,423
Total liabilities	<u>\$ 80,423</u>	<u>\$ 63,585</u>	<u>\$ 104</u>	<u>\$ 10,137</u>	<u>\$ 172</u>	<u>\$ 154,421</u>

County of Northumberland, Virginia

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 81,706	\$ 108,796	\$ 110,079	\$ 80,423
Liabilities:				
Amounts held for social services clients	\$ 81,706	\$ 108,796	\$ 110,079	\$ 80,423
Road Improvement Bond Fund:				
Assets:				
Cash and cash equivalents	\$ 132,499	\$ 57,876	\$ 126,790	\$ 63,585
Liabilities:				
Amounts held for others	\$ 132,499	\$ 57,876	\$ 126,790	\$ 63,585
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	\$ 294	\$ 1	\$ 123	\$ 172
Liabilities:				
Amounts held for others	\$ 294	\$ 1	\$ 123	\$ 172
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 224,740	\$ 166,673	\$ 236,992	\$ 154,421
Total assets	\$ 224,740	\$ 166,673	\$ 236,992	\$ 154,421
Liabilities:				
Amounts held for others	\$ 143,034	\$ 57,877	\$ 126,913	\$ 73,998
Amounts held for social services clients	81,706	108,796	110,079	80,423
Total liabilities	\$ 224,740	\$ 166,673	\$ 236,992	\$ 154,421

THIS PAGE LEFT BLANK INTENTIONALLY

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2009

	School Operating <u>Fund</u>	Health Insurance Recovery <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,000	\$ 160,267	\$ -	\$ 162,267
Cash in custody of others	-	-	112,399	112,399
Due from other funds	-	-	4,361	4,361
Due from other governmental units	1,356,412	-	-	1,356,412
Prepaid items	162,300	-	-	162,300
Total assets	<u>\$ 1,520,712</u>	<u>\$ 160,267</u>	<u>\$ 116,760</u>	<u>\$ 1,797,739</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 20,065	\$ -	\$ -	\$ 20,065
Accrued liabilities	1,494,286	-	-	1,494,286
Due to other funds	4,361	-	-	4,361
Total liabilities	<u>\$ 1,518,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,518,712</u>
Fund balances:				
Unreserved:				
Undesignated	\$ 2,000	\$ 160,267	\$ 116,760	\$ 279,027
Total fund balances	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 116,760</u>	<u>\$ 279,027</u>
Total liabilities and fund balances	<u>\$ 1,520,712</u>	<u>\$ 160,267</u>	<u>\$ 116,760</u>	<u>\$ 1,797,739</u>

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

Total fund balances per above	\$ 279,027
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,122,188
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(75,694)
Net assets of governmental activities	<u>\$ 10,325,521</u>

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, 2009

	School Operating Fund	Health Insurance Recovery Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 291	\$ 291
Charges for services	-	-	201,385	201,385
Miscellaneous	310,840	-	12,139	322,979
Intergovernmental revenues:				
Local government	9,699,846	-	-	9,699,846
Commonwealth	4,662,494	-	-	4,662,494
Federal	1,157,786	-	47,762	1,205,548
Total revenues	<u>\$ 15,830,966</u>	<u>\$ -</u>	<u>\$ 261,577</u>	<u>\$ 16,092,543</u>
EXPENDITURES				
Current:				
Education	\$ 15,488,550	\$ -	\$ 588,415	\$ 16,076,965
Capital projects	42,930	-	-	42,930
Total expenditures	<u>\$ 15,531,480</u>	<u>\$ -</u>	<u>\$ 588,415</u>	<u>\$ 16,119,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 299,486</u>	<u>\$ -</u>	<u>\$ (326,838)</u>	<u>\$ (27,352)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 299,486	\$ 299,486
Transfers out	(299,486)	-	-	(299,486)
Total other financing sources and uses	<u>\$ (299,486)</u>	<u>\$ -</u>	<u>\$ 299,486</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (27,352)	\$ (27,352)
Fund balances - beginning	2,000	160,267	144,112	306,379
Fund balances - ending	<u>\$ 2,000</u>	<u>\$ 160,267</u>	<u>\$ 116,760</u>	<u>\$ 279,027</u>

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 \$ (27,352)

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	\$ 174,654	
Change in accumulated depreciation	(200,416)	
Transfer of joint tenancy assets to Component Unit from Primary Government	<u>(333,390)</u>	(359,152)

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. 8,704

Change in net assets of governmental activities \$ (377,800)

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, 2009

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 36,050	\$ 140,467	\$ 310,840	\$ 170,373
Intergovernmental revenues:				
Local government	9,782,857	9,782,857	9,699,846	(83,011)
Commonwealth	4,676,090	4,676,090	4,662,494	(13,596)
Federal	1,018,214	1,018,214	1,157,786	139,572
Total revenues	<u>\$ 15,513,211</u>	<u>\$ 15,617,628</u>	<u>\$ 15,830,966</u>	<u>\$ 213,338</u>
EXPENDITURES				
Current:				
Education	\$ 15,083,564	\$ 15,187,981	\$ 15,488,550	\$ (300,569)
Capital projects	86,683	86,683	42,930	43,753
Total expenditures	<u>\$ 15,170,247</u>	<u>\$ 15,274,664</u>	<u>\$ 15,531,480</u>	<u>\$ (256,816)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 342,964</u>	<u>\$ 342,964</u>	<u>\$ 299,486</u>	<u>\$ (43,478)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (342,964)	\$ (342,964)	\$ (299,486)	\$ 43,478
Total other financing sources (uses)	<u>\$ (342,964)</u>	<u>\$ (342,964)</u>	<u>\$ (299,486)</u>	<u>\$ 43,478</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	2,000	2,000
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

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, 2009

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 234	\$ 234	\$ 291	\$ 57
Charges for services	244,271	244,271	201,385	(42,886)
Miscellaneous	2,400	2,400	12,139	9,739
Intergovernmental revenues:				
Federal	-	-	47,762	47,762
Total revenues	<u>\$ 246,905</u>	<u>\$ 246,905</u>	<u>\$ 261,577</u>	<u>\$ 14,672</u>
EXPENDITURES				
Current:				
Education	\$ 589,869	\$ 589,869	\$ 588,415	\$ 1,454
Total expenditures	<u>\$ 589,869</u>	<u>\$ 589,869</u>	<u>\$ 588,415</u>	<u>\$ 1,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (342,964)</u>	<u>\$ (342,964)</u>	<u>\$ (326,838)</u>	<u>\$ 16,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 342,964	\$ 342,964	\$ 299,486	\$ (43,478)
Total other financing sources (uses)	<u>\$ 342,964</u>	<u>\$ 342,964</u>	<u>\$ 299,486</u>	<u>\$ (43,478)</u>
Net change in fund balances	\$ -	\$ -	\$ (27,352)	\$ (27,352)
Fund balances - beginning	-	-	144,112	144,112
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,760</u>	<u>\$ 116,760</u>

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,280,978	\$ 11,280,978	\$ 11,810,237	\$ 529,259
Real and personal public service corporation taxes	100,000	100,000	112,083	12,083
Personal property taxes	1,995,730	1,995,730	2,226,726	230,996
Custom house boat taxes	350,000	350,000	404,293	54,293
Mobile home taxes	20,000	20,000	29,984	9,984
Machinery and tools taxes	100,000	100,000	90,247	(9,753)
Merchant's capital taxes	40,000	40,000	46,426	6,426
Penalties	70,000	70,000	100,237	30,237
Interest	45,000	45,000	59,519	14,519
Total general property taxes	<u>\$ 14,001,708</u>	<u>\$ 14,001,708</u>	<u>\$ 14,879,752</u>	<u>\$ 878,044</u>
Other local taxes:				
Local sales and use taxes	\$ 700,000	\$ 700,000	\$ 710,233	\$ 10,233
Consumers' utility taxes	540,000	540,000	331,948	(208,052)
Consumption tax	45,000	45,000	54,821	9,821
Communications tax	-	-	398,703	398,703
Cable television franchise license tax	30,000	30,000	-	(30,000)
Motor vehicle licenses	330,000	330,000	332,938	2,938
Bank stock taxes	150,000	150,000	151,695	1,695
Taxes on recordation and wills	260,000	260,000	208,188	(51,812)
Total other local taxes	<u>\$ 2,055,000</u>	<u>\$ 2,055,000</u>	<u>\$ 2,188,526</u>	<u>\$ 133,526</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 16,713	\$ 1,713
Land use application fees	5,000	5,000	500	(4,500)
Transfer fees	1,000	1,000	711	(289)
Permits and other licenses	153,600	153,600	162,146	8,546
Total permits, privilege fees, and regulatory licenses	<u>\$ 174,600</u>	<u>\$ 174,600</u>	<u>\$ 180,070</u>	<u>\$ 5,470</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 14,000	\$ 14,000	\$ 15,480	\$ 1,480
Revenue from use of money and property:				
Revenue from use of money	\$ 200,000	\$ 200,000	\$ 243,224	\$ 43,224
Revenue from use of property	2,300	2,300	8,796	6,496
Total revenue from use of money and property	<u>\$ 202,300</u>	<u>\$ 202,300</u>	<u>\$ 252,020</u>	<u>\$ 49,720</u>
Charges for services:				
Sheriff's fees	\$ 539	\$ 539	\$ 539	\$ -
Court costs	9,700	9,700	13,776	4,076
Charges for Commonwealth's Attorney	400	400	473	73
Charges for correction and detention	500	500	3,573	3,073
Charges for other public works	-	-	487	487
Street light reimbursement	18,000	18,000	12,429	(5,571)
Charges for other protection	25	25	65	40
Charges for community development	-	-	416	416
Total charges for services	<u>\$ 29,164</u>	<u>\$ 29,164</u>	<u>\$ 31,758</u>	<u>\$ 2,594</u>

County of Northumberland, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 103,400	\$ 103,400	\$ 265,043	\$ 161,643
Recovered costs:				
Regional jail	\$ 81,210	\$ 81,210	\$ 81,210	\$ -
DMV License Agent fee	14,000	14,000	20,560	6,560
Total recovered costs	\$ 95,210	\$ 95,210	\$ 101,770	\$ 6,560
 Total revenue from local sources	 \$ 16,675,382	 \$ 16,675,382	 \$ 17,914,419	 \$ 1,239,037
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	117	(83)
Mobile home titling tax	20,000	20,000	22,765	2,765
Recordation and grantors tax	65,282	65,282	121,765	56,483
Personal property tax relief funds	900,000	900,000	1,004,982	104,982
Reduction in state aid to local governments	-	(60,182)	(60,182)	-
Total noncategorical aid	\$ 1,000,082	\$ 939,900	\$ 1,089,447	\$ 149,547
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 206,556	\$ 206,556	\$ 212,349	\$ 5,793
Sheriff	669,912	669,912	765,508	95,596
Commissioner of revenue	85,983	85,983	103,868	17,885
Treasurer	96,689	96,689	136,273	39,584
Medical examiner	60	60	(60)	(120)
Registrar/electoral board	38,069	38,069	47,716	9,647
Clerk of the Circuit Court	166,793	166,793	263,551	96,758
Total shared expenses	\$ 1,264,062	\$ 1,264,062	\$ 1,529,205	\$ 265,143
Other categorical aid:				
Public assistance and welfare administration	\$ 357,992	\$ 357,992	\$ 346,058	\$ (11,934)
Multi-jurisdictional task force	-	-	5,100	5,100
Victim witness program	21,322	21,322	20,878	(444)
DMV grant	4,000	4,000	-	(4,000)
EMS - Two for life	12,000	12,000	15,195	3,195
School resource officer	-	-	42,183	42,183
Comprehensive services act	707,065	707,065	154,445	(552,620)
Forfeited assets	-	-	112,849	112,849
Fire programs fund	30,000	30,000	33,230	3,230

County of Northumberland, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 3 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Wireless grant	\$ -	\$ -	\$ 38,545	\$ 38,545
Other grants	235,000	342,000	-	(342,000)
Total other categorical aid	<u>\$ 1,367,379</u>	<u>\$ 1,474,379</u>	<u>\$ 768,483</u>	<u>\$ (705,896)</u>
Total categorical aid	<u>\$ 2,631,441</u>	<u>\$ 2,738,441</u>	<u>\$ 2,297,688</u>	<u>\$ (440,753)</u>
Total revenue from the Commonwealth	<u>\$ 3,631,523</u>	<u>\$ 3,678,341</u>	<u>\$ 3,387,135</u>	<u>\$ (291,206)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 563,697	\$ 563,697	\$ 576,623	\$ 12,926
Ground transportation	-	-	26,667	26,667
Rural development grant	-	-	44,695	44,695
Total categorical aid	<u>\$ 563,697</u>	<u>\$ 563,697</u>	<u>\$ 647,985</u>	<u>\$ 84,288</u>
Total revenue from the federal government	<u>\$ 563,697</u>	<u>\$ 563,697</u>	<u>\$ 647,985</u>	<u>\$ 84,288</u>
Total General Fund	<u>\$ 20,870,602</u>	<u>\$ 20,917,420</u>	<u>\$ 21,949,539</u>	<u>\$ 1,032,119</u>
Special Revenue Funds:				
Economic Development Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 245	\$ 245
Total Economic Development Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ 245</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 233,807	\$ 233,807
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,807</u>	<u>\$ 233,807</u>
Total Primary Government	<u>\$ 20,870,602</u>	<u>\$ 20,917,420</u>	<u>\$ 22,183,591</u>	<u>\$ 1,266,171</u>

County of Northumberland, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 4 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ 36,050	\$ 140,467	\$ 310,840	\$ 170,373
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Northumberland, Virginia	\$ 9,782,857	\$ 9,782,857	\$ 9,699,846	\$ (83,011)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,484,384	\$ 1,484,384	\$ 1,343,944	\$ (140,440)
Basic school aid	1,974,329	1,974,329	1,987,422	13,093
Primary class size	61,977	61,977	62,458	481
At risk payments	62,872	62,872	87,577	24,705
Early reading intervention	6,612	6,612	4,133	(2,479)
English as a second language	10,413	10,413	9,151	(1,262)
Enrollment loss	1,036	1,036	15,402	14,366
Foster care	26,102	26,102	52,936	26,834
GED funding	-	-	46,526	46,526
Gifted and talented	16,972	16,972	16,905	(67)
Homebound	8,893	8,893	6,267	(2,626)
Lottery proceeds	-	-	74,620	74,620
Adult literacy	-	-	13,259	13,259
Remedial education	58,837	58,837	58,605	(232)
Remedial summer education	39,126	39,126	29,750	(9,376)
Adult education	-	-	72,500	72,500
School construction	197,646	197,646	107,932	(89,714)
School food program	-	-	7,557	7,557
School fringes	233,085	233,085	232,167	(918)
Special education	188,203	188,203	187,462	(741)
Standards of Learning algebra readiness	6,754	6,754	8,443	1,689
Textbook payment	44,701	44,701	44,525	(176)
Technology VPSA	128,000	128,000	128,000	-
Other state funds	-	-	2,077	2,077
Virginia preschool initiative	64,656	64,656	-	(64,656)
Vocational education	61,492	61,492	62,876	1,384
Total categorical aid	\$ 4,676,090	\$ 4,676,090	\$ 4,662,494	\$ (13,596)
Total revenue from the Commonwealth	\$ 4,676,090	\$ 4,676,090	\$ 4,662,494	\$ (13,596)

County of Northumberland, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Adult literacy	\$ -	\$ -	\$ 115,643	\$ 115,643
Title I	379,543	379,543	386,332	6,789
Vocational education	32,000	32,000	2,752	(29,248)
Title V	3,956	3,956	-	(3,956)
Title VIB	120,000	120,000	273,150	153,150
School food program	342,964	342,964	291,929	(51,035)
Title II Part A	90,461	90,461	-	(90,461)
Title II Part D	3,768	3,768	7,939	4,171
Drug free	8,522	8,522	17,126	8,604
JROTC grant	37,000	37,000	62,915	25,915
Total categorical aid	<u>\$ 1,018,214</u>	<u>\$ 1,018,214</u>	<u>\$ 1,157,786</u>	<u>\$ 139,572</u>
Total revenue from the federal government	<u>\$ 1,018,214</u>	<u>\$ 1,018,214</u>	<u>\$ 1,157,786</u>	<u>\$ 139,572</u>
Total School Operating Fund	<u>\$ 15,513,211</u>	<u>\$ 15,617,628</u>	<u>\$ 15,830,966</u>	<u>\$ 213,338</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 234	\$ 234	\$ 291	\$ 57
Charges for services:				
Cafeteria sales	\$ 244,271	\$ 244,271	\$ 201,385	\$ (42,886)
Miscellaneous revenue:				
Miscellaneous	\$ 2,400	\$ 2,400	\$ 12,139	\$ 9,739
Total revenue from local sources	<u>\$ 246,905</u>	<u>\$ 246,905</u>	<u>\$ 213,815</u>	<u>\$ (33,090)</u>
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ -	\$ 47,762	\$ 47,762
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,762</u>	<u>\$ 47,762</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,762</u>	<u>\$ 47,762</u>
Total School Cafeteria Fund	<u>\$ 246,905</u>	<u>\$ 246,905</u>	<u>\$ 261,577</u>	<u>\$ 14,672</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 15,760,116</u>	<u>\$ 15,864,533</u>	<u>\$ 16,092,543</u>	<u>\$ 228,010</u>

THIS PAGE LEFT BLANK INTENTIONALLY

County of Northumberland, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 285,142	\$ 285,142	\$ 242,234	\$ 42,908
General and financial administration:				
County administrator	\$ 237,787	\$ 237,787	\$ 235,419	\$ 2,368
Legal services	15,000	15,000	15,000	-
Commissioner of revenue	284,993	284,993	284,281	712
Independent Auditor	34,500	34,500	40,716	(6,216)
Treasurer	327,211	327,211	327,972	(761)
Total general and financial administration	\$ 899,491	\$ 899,491	\$ 903,388	\$ (3,897)
Board of elections:				
Electoral board and officials	\$ 32,517	\$ 32,517	\$ 29,507	\$ 3,010
Registrar	78,844	78,844	72,372	6,472
Total board of elections	\$ 111,361	\$ 111,361	\$ 101,879	\$ 9,482
Total general government administration	\$ 1,295,994	\$ 1,295,994	\$ 1,247,501	\$ 48,493
Judicial administration:				
Courts:				
Circuit court	\$ 16,562	\$ 16,562	\$ 16,883	\$ (321)
General district court	3,900	3,900	2,961	939
Victim witness protection program	27,566	27,566	24,707	2,859
Juvenile and domestic relations district court	75,574	75,574	55,348	20,226
Clerk of the circuit court	267,094	281,399	345,237	(63,838)
Total courts	\$ 390,696	\$ 405,001	\$ 445,136	\$ (40,135)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 315,733	\$ 320,433	\$ 313,623	\$ 6,810
Total judicial administration	\$ 706,429	\$ 725,434	\$ 758,759	\$ (33,325)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,929,921	\$ 2,022,250	\$ 1,977,818	\$ 44,432
Fire and rescue services:				
Fire department	\$ 272,497	\$ 272,497	\$ 286,189	\$ (13,692)
Ambulance and rescue services	160,526	160,526	158,448	2,078
Total fire and rescue services	\$ 433,023	\$ 433,023	\$ 444,637	\$ (11,614)
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	\$ 169,578	\$ 169,578	\$ 171,250	\$ (1,672)

County of Northumberland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 79,087	\$ 79,087	\$ 89,041	\$ (9,954)
Emergency services	283,000	283,000	245,859	37,141
Medical examiner	350	350	-	350
Total other protection	<u>\$ 362,437</u>	<u>\$ 362,437</u>	<u>\$ 334,900</u>	<u>\$ 27,537</u>
Total public safety	<u>\$ 3,284,959</u>	<u>\$ 3,377,288</u>	<u>\$ 3,318,605</u>	<u>\$ 58,683</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,000	\$ 18,000	\$ 15,495	\$ 2,505
Sanitation and waste removal:				
Refuse disposal	\$ 20,000	\$ 20,000	\$ 329	\$ 19,671
Refuse collection	997,234	997,234	967,022	30,212
Total sanitation and waste removal	<u>\$ 1,017,234</u>	<u>\$ 1,017,234</u>	<u>\$ 967,351</u>	<u>\$ 49,883</u>
Maintenance of general buildings and grounds:				
General properties	\$ 191,835	\$ 191,835	\$ 215,838	\$ (24,003)
Total public works	<u>\$ 1,227,069</u>	<u>\$ 1,227,069</u>	<u>\$ 1,198,684</u>	<u>\$ 28,385</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 188,602	\$ 188,602	\$ 188,602	\$ -
Mental health and mental retardation:				
Community services board	\$ 40,933	\$ 40,933	\$ 40,933	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,610,531	\$ 1,610,531	\$ 1,270,594	\$ 339,937
Comprehensive services act	932,990	932,990	244,400	688,590
Other Social Services	254,099	254,099	195,147	58,952
Total welfare	<u>\$ 2,797,620</u>	<u>\$ 2,797,620</u>	<u>\$ 1,710,141</u>	<u>\$ 1,087,479</u>
Total health and welfare	<u>\$ 3,027,155</u>	<u>\$ 3,027,155</u>	<u>\$ 1,939,676</u>	<u>\$ 1,087,479</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 7,042	\$ 7,042	\$ 7,042	\$ -
Adult education	3,000	3,000	3,822	(822)
Contribution to County School Board	9,782,857	9,782,857	9,699,846	83,011
Total education	<u>\$ 9,792,899</u>	<u>\$ 9,792,899</u>	<u>\$ 9,710,710</u>	<u>\$ 82,189</u>
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, 2009

Schedule 2
 Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
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	\$ 307,826	\$ 307,826	\$ 303,040	\$ 4,786
Economic development	30,000	30,000	28,721	1,279
Planning district commission	19,000	19,000	14,288	4,712
Total planning and community development	\$ 356,826	\$ 356,826	\$ 346,049	\$ 10,777
Environmental management:				
Contribution to soil and water conservation district	\$ 10,850	\$ 10,850	\$ 10,850	\$ -
Wetlands	25,980	25,980	16,522	9,458
Forestry	5,201	5,201	5,049	152
Total environmental management	\$ 42,031	\$ 42,031	\$ 32,421	\$ 9,610
Cooperative extension program:				
Extension office	\$ 59,560	\$ 59,560	\$ 54,265	\$ 5,295
Total community development	\$ 458,417	\$ 458,417	\$ 432,735	\$ 25,682
Capital projects:				
County owned facilities	\$ 10,000	\$ 10,000	\$ 3,732	\$ 6,268
Animal shelter	-	-	76,893	(76,893)
Pavilion grant	-	107,000	102,385	4,615
Fleeton/Callao Sewer project	40,000	40,000	-	40,000
Total capital projects	\$ 50,000	\$ 157,000	\$ 183,010	\$ (26,010)
Debt service:				
Principal retirement	\$ 1,122,611	\$ 1,122,611	\$ 1,122,611	\$ -
Interest and other fiscal charges	1,872,346	1,872,346	1,875,846	(3,500)
Total debt service	\$ 2,994,957	\$ 2,994,957	\$ 2,998,457	\$ (3,500)
Total General Fund	\$ 22,997,879	\$ 23,216,213	\$ 21,948,137	\$ 1,268,076
Special Revenue Funds:				
Light Street Project Fund:				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ -	\$ -	\$ 14,825	\$ (14,825)
Total Light Street Project Fund	\$ -	\$ -	\$ 14,825	\$ (14,825)

County of Northumberland, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ 17,000,000	\$ 17,000,000	\$ 12,209,813	\$ 4,790,187
Total capital projects	<u>\$ 17,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ 12,209,813</u>	<u>\$ 4,790,187</u>
 Total County Capital Projects Fund	 <u>\$ 17,000,000</u>	 <u>\$ 17,000,000</u>	 <u>\$ 12,209,813</u>	 <u>\$ 4,790,187</u>
 Total Primary Government	 <u>\$ 39,997,879</u>	 <u>\$ 40,216,213</u>	 <u>\$ 34,157,950</u>	 <u>\$ 6,058,263</u>
 Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 624,710	\$ 624,710	\$ 453,857	\$ 170,853
Instruction costs	11,922,334	12,012,043	12,318,372	(306,329)
Pupil transportation	1,245,138	1,245,138	1,234,153	10,985
Operation and maintenance of school plant	1,291,382	1,306,090	1,482,168	(176,078)
Other operating costs	<u>\$ 15,083,564</u>	<u>\$ 15,187,981</u>	<u>\$ 15,488,550</u>	<u>\$ (300,569)</u>
 Total education	 <u>\$ 15,083,564</u>	 <u>\$ 15,187,981</u>	 <u>\$ 15,488,550</u>	 <u>\$ (300,569)</u>
 Capital projects:				
Capital Outlay	\$ 86,683	\$ 86,683	\$ 42,930	\$ 43,753
 Total School Operating Fund	 <u>\$ 15,170,247</u>	 <u>\$ 15,274,664</u>	 <u>\$ 15,531,480</u>	 <u>\$ (256,816)</u>
 School Cafeteria Fund:				
Education:				
School food services:				
School food	\$ 589,869	\$ 589,869	\$ 540,653	\$ 49,216
Commodities	-	-	47,762	(47,762)
Total school food services	<u>\$ 589,869</u>	<u>\$ 589,869</u>	<u>\$ 588,415</u>	<u>\$ 1,454</u>
 Total School Cafeteria Fund	 <u>\$ 589,869</u>	 <u>\$ 589,869</u>	 <u>\$ 588,415</u>	 <u>\$ 1,454</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 15,760,116</u>	 <u>\$ 15,864,533</u>	 <u>\$ 16,119,895</u>	 <u>\$ (255,362)</u>

OTHER STATISTICAL INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

County of Northumberland, Virginia
Government-Wide Expenses by Function
Last Seven 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
2008-09	1,312,517	841,269	2,909,507	1,206,586	1,962,122	9,552,038	89,228	433,527	1,860,565	787,029	20,954,388

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

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	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			
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			
2008-09	529,047	2,945,673	66,934	14,409,617	2,188,526	486,072	341,443	1,089,447	22,056,759			

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

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
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
2008-09	1,247,501	758,759	3,318,605	1,213,509	1,939,676	16,087,829	160,000	432,735	2,998,457	28,157,071

(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.

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
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
2008-09	14,879,752	2,188,526	180,070	15,480	252,556	233,143	588,022	101,770	9,903,162	28,342,481

(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		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)		
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%	
2008-09	15,889,738	15,528,432	97.73%	196,546	15,724,978	98.96%	399,253	2.51%	

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

(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
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
2008-09	2,961,160,227	111,854,782	2,530,695	4,645,795	28,020,738	3,108,212,237

(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
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
2008-09	0.40	0.40	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
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
2008-09	12,529	3,108,212,237	1,693,657	0.05%	135

(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 abs

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To The Honorable Members of the Board of Supervisors
County of 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, 2009, which collectively comprise the County of Northumberland, Virginia's basic financial statements and have issued our report thereon dated Draft. 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 (2009-01) 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 (2009-01) 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 Draft.

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.

Richmond, Virginia
Draft

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To The Honorable Members of the Board of Supervisors
County of 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, 2009. 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, 2009.

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.

Richmond, Virginia
Draft

County of Northumberland, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2009

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:		
<i>Department of Social Services:</i>		
Promoting Safe and Stable Families	93.556	\$ 15,465
Temporary Assistance for Needy Families	93.558	86,147
Refugee and Entrant Assistance - State Administered Programs	93.566	243
Low Income Home Energy Assistance	93.568	6,390
Child Care and Development Block Grant	93.575	51,458
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	31,810
Adoption Incentive Payments	93.603	95
Child Welfare Services - State Grants	93.645	481
Foster Care - Title IV-E	93.658	35,178
Foster Care - Title IV-E - ARRA	93.658	90
Adoption Assistance	93.659	14,289
Adoption Assistance - ARRA	93.659	1,171
Social Services Block Grant	93.667	46,044
Chafee Foster Care Independence Program	93.674	4,675
Child Care and Development Block Grant - ARRA	93.713	380
Children's Health Insurance Program	93.767	12,134
Medical Assistance Program	93.778	<u>107,261</u>
 Total Department of Health and Human Services		 <u>\$ 413,311</u>
Department of Defense:		
Direct payments:		
Jr ROTC	12.xxx	<u>\$ 62,915</u>
Department of Transportation:		
Pass Through Payments:		
<i>Department of Motor Vehicles:</i>		
State and community highway safety	20.600	<u>\$ 26,667</u>

County of Northumberland, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Agriculture:		
Direct Payments:		
Rural Business Enterprise Grants	10.769	\$ 44,695
Water and Waste Disposal Systems for Rural Communities	10.760	<u>66,934</u>
Total Department of Agriculture - direct payments		<u>\$ 111,629</u>
Pass Through Payments:		
<i>Department of Agriculture:</i>		
Food Distribution	10.555	\$ 46,768
Summer Food Service Program for Children	10.559	994
<i>Department of Education:</i>		
School breakfast program	10.553	74,360
National school lunch program	10.555	217,568
<i>Department of Social Services:</i>		
State Admin Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>163,313</u>
Total Department of Agriculture - pass-through payments		<u>\$ 503,003</u>
Total Department of Agriculture		<u>\$ 614,632</u>
Department of Education:		
Pass Through Payments:		
<i>Department of Education:</i>		
Adult Education - Basic Grants to State	84.002	\$ 115,643
Title I Grants to Local Educational Agencies	84.010	386,332
Special Education - Grants to States	84.027	273,150
Career and Technical Education - Basic Grants to States	84.048	2,752
Safe and Drug-Free Schools and Communities - National Programs	84.186	17,126
Education Technology State Grants	84.318	<u>7,939</u>
Total Department of Education		<u>\$ 802,942</u>
Total Federal Expenditures		<u><u>\$ 1,920,467</u></u>

County of Northumberland, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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	\$ 647,985
Proprietary Funds:	
Sanitary District	66,934
Total primary government	<u>\$ 714,919</u>
Component Unit Public Schools:	
School Operating Fund	\$ 1,157,786
School Cafeteria Fund	47,762
Total component unit public schools	<u>\$ 1,205,548</u>
Total federal expenditures per basic financial statements	<u>\$ 1,920,467</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,920,467</u></u>

**County of Northumberland, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I
84.027/84.173	Special Education Cluster

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, 2009

Section II-Financial Statement Findings

2009-01

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 FY09 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 FY10.

Section III-Federal Award Findings and Questioned Costs

None

County of Northumberland, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2009

There were no prior year Federal Award Findings and Questioned Costs. There were Financial Statement Findings in the prior year. A description of the prior year Financial Statement Findings is included in the Audited Annual Financial Report for the fiscal year ended June 30, 2008.