

# COUNTY OF LUNENBURG, VIRGINIA



## ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2008

**COUNTY OF LUNENBURG, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2008**

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# COUNTY OF LUNENBURG, VIRGINIA

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## Board of Supervisors

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Alvester L. Edmonds, Chairperson

Jane G. Atkinson, Vice-Chairperson  
Frank W. Bacon  
David E. Wingold

Charles R. Slayton  
George E. Ingram  
Edward Pennington

## Department of Social Services

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Karen H. Wilkinson, Chairperson

Jane G. Atkinson  
Loretta L. Fabiszak  
Lorena N. Bridgeforth  
Debra Gee

Anita H. Mattox  
Annie L. Mason  
Mary Beth Gregory

## County School Board

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Michael Anderson, Chairperson

Donald Carnes, Vice-Chairperson  
James Duffy  
Robert G. Zava

Kathy P. Coffee  
Beverley Hawthorne  
Elizabeth R. Williams

## Other Officials

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|                                   |                     |
|-----------------------------------|---------------------|
| Judge of the Circuit Court.....   | William L. Wellons  |
| Clerk of the Circuit Court.....   | Gordon Erby         |
| Commonwealth's Attorney .....     | Robert E. Clement   |
| Commissioner of the Revenue ..... | Patricia M. Adams   |
| Treasurer .....                   | Betsy N. Long       |
| Sheriff.....                      | Arthur Townsend     |
| Superintendent of Schools.....    | Wayne Staples       |
| Director of Social Services.....  | Dorothy A. Newcomb  |
| County Administrator.....         | Catherine Giorgetti |

**COUNTY OF LUNENBURG, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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# 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 Lunenburg  
Lunenburg, Virginia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Lunenburg, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Lunenburg, 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.

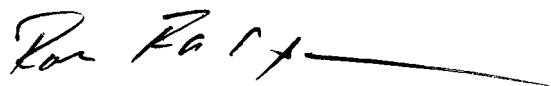
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Lunenburg, Virginia, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of the County of Lunenburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Lunenburg, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section 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 Lunenburg, 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 statistical sections 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.

A handwritten signature in black ink, appearing to read "Dan R. 1x", followed by a long horizontal line extending to the right.

Richmond, Virginia  
December 22, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**To the Honorable Members of the Board of Supervisors  
To the Citizens of Lunenburg County  
County of Lunenburg, Virginia**

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

### **Financial Highlights**

#### **Government-wide Financial Statements**

- ▶ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$10,018,167 (net assets).

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$1,059,243 (Exhibit 5) after making contributions totaling \$3,169,379 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$8,140,571, a decrease of \$1,059,243 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,500,570 or 54% of total general fund expenditures and other uses.
- ▶ The combined long-term obligations decreased \$576,390 during the current fiscal year.

## **Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$10,018,167 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

| County of Lunenburg, Virginia's Net Assets         |                         |               |  |
|--|-------------------------|---------------|--|
|  | Governmental Activities |               |  |
|  | 2008                    | 2007          |  |
| Current and other assets                           | \$ 8,629,692            | \$ 9,429,025  |  |
| Capital assets                                     | 20,632,797              | 20,010,004    |  |
| Total assets                                       | \$ 29,262,489           | \$ 29,439,029 |  |
| Current liabilities                                | \$ 565,280              | \$ 428,885    |  |
| Long-term liabilities<br>outstanding               | 18,679,042              | 19,255,432    |  |
| Total liabilities                                  | \$ 19,244,322           | \$ 19,684,317 |  |
| Net assets:  |                         |               |  |
| Invested in capital assets,<br>net of related debt | \$ 3,467,443            | \$ 2,329,137  |  |
| Unrestricted                                       | 6,550,724               | 7,425,575     |  |
| Total net assets                                   | \$ 10,018,167           | \$ 9,754,712  |  |

**Government-wide Financial Analysis (Continued)**

The County's net assets increased by \$263,455 during the current fiscal year. The following table summarizes the County's Statement of Activities:

| <b>County of Lunenburg, Virginia's Changes in Net Assets</b> |                                |               |  |
|--|--------------------------------|---------------|--|
|  | <b>Governmental Activities</b> |               |  |
|  | <b>2008</b>                    | <b>2007</b>   |  |
| Revenues:  |                                |               |  |
| Program revenues:  |                                |               |  |
| Charges for services   | \$ 192,836                     | \$ 177,896    |  |
| Operating grants and contributions                           | 4,197,951                      | 3,488,400     |  |
| Capital grants and contributions                             | 126,396                        | 126,669       |  |
| General revenues:  |                                |               |  |
| General property taxes                                       | 5,141,240                      | 4,930,611     |  |
| Other local taxes  | 1,104,475                      | 1,135,295     |  |
| Grants and other contributions not restricted                | 1,115,543                      | 1,153,669     |  |
| Other general revenues                                       | 880,594                        | 1,097,081     |  |
| Total revenues   | \$ 12,759,035                  | \$ 12,109,621 |  |
| Expenses:  |                                |               |  |
| General government administration                            | \$ 1,267,311                   | \$ 1,047,248  |  |
| Judicial administration                                      | 788,780                        | 749,998       |  |
| Public safety  | 1,589,530                      | 1,548,950     |  |
| Public works   | 1,066,336                      | 57,215        |  |
| Health and welfare   | 2,139,340                      | 1,629,418     |  |
| Education  | 3,722,611                      | 3,762,143     |  |
| Parks, recreation, and cultural                              |                                | 138,242       |  |
| Community development  | 1,178,275                      | 486,207       |  |
| Interest and other fiscal charges                            | 743,397                        | 815,530       |  |
| Total expenses   | \$ 12,495,580                  | \$ 10,234,951 |  |
| Change in net assets   | \$ 263,455                     | \$ 1,874,670  |  |
| Beginning of year  | 9,754,712                      | 7,880,042     |  |
| End of year  | \$ 10,018,167                  | \$ 9,754,712  |  |

## **Financial Analysis of the County's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$8,140,571, a decrease of \$1,059,243 in comparison with the prior year. Approximately 68% of this total amount constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$115,868, all of which was reserved for current or future capital projects.

## **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$129,930 and can be briefly summarized as follows:

- \$47,667 increase in General Government Administration
- \$21,935 increase in Judicial Administration
- \$80,851 increase in Public Safety
- \$20,523 net decrease in other various departments

During the year, revenues and other sources exceeded budgetary estimates by \$698,633. Budgetary estimates were greater than expenditures and other uses by \$392,770. The resulting positive variance for change in fund balance was \$1,091,403.

## **Capital Asset and Debt Administration**

- ▶ **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2008 amounts to \$19,066,638 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

**Long-term debt** - At the end of the current fiscal year, the County had total debt outstanding of \$16,871,967. Of this amount, \$10,544,174 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds and capital leases).

The County's total debt decreased by \$502,176 during the current fiscal year.

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

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

- ▶ The unemployment rate for the County was 6.6 percent compared to the state's average unemployment rate of 4.0 percent and to the national average rate of 5.5 percent.
- ▶ Inflationary trends in the region compare favorably to national indices.

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

The fiscal year 2009 budget decreased approximately 2 percent. Due to reassessment, the real estate rate decreased from \$0.46 to \$0.33. The personal property rate remained at \$3.60.

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Lunenburg, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 11409 Courthouse Road, Lunenburg, Virginia 23952.



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## *BASIC FINANCIAL STATEMENTS*

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## ***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

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**County of Lunenburg, Virginia**  
**Statement of Net Assets**  
**June 30, 2008**

|  | <u>Primary<br/>Government<br/>Governmental<br/>Activities</u> | <u>Component<br/>Unit<br/>School Board</u> |
|--|---|--|
| <b>ASSETS</b>                                      |   |  |
| Cash and cash equivalents                          | \$ 6,588,189  | \$ 427,902                                 |
| Receivables (net of allowance for uncollectibles): |   |  |
| Taxes receivable                                   | 310,942   | -  |
| Accounts receivable                                | 69,547  | -  |
| Due from other governmental units                  | 989,362   | 539,048                                    |
| Prepaid expenses                                   | 671,652   | -  |
| Capital assets (net of accumulated depreciation):  |   |  |
| Land   | 279,656   | 37,807                                     |
| Buildings  | 18,184,925  | 2,623,378                                  |
| Equipment  | 556,784   | 615,634                                    |
| Construction in progress                           | 1,611,432   | -  |
| Total assets                                       | <u>\$ 29,262,489</u>  | <u>\$ 4,243,769</u>                        |
| <b>LIABILITIES</b>                                 |   |  |
| Accounts payable                                   | \$ 208,999  | \$ 59,161                                  |
| Accrued interest payable                           | 338,825   | -  |
| Due to other governmental units                    | -   | 479,887                                    |
| Unearned revenue                                   | 17,456  | -  |
| Long-term liabilities:                             |   |  |
| Due within one year                                | 880,602   | -  |
| Due in more than one year                          | 17,798,440  | -  |
| Total liabilities                                  | <u>\$ 19,244,322</u>  | <u>\$ 539,048</u>                          |
| <b>NET ASSETS</b>                                  |   |  |
| Invested in capital assets, net of related debt    | \$ 3,467,442  | \$ 3,276,819                               |
| Unrestricted (deficit)                             | 6,550,723   | 427,902                                    |
| Total net assets                                   | <u>\$ 10,018,167</u>  | <u>\$ 3,704,721</u>                        |
| <br>Total Liabilities and Net Assets               | <br><u>\$ 29,262,489</u>                                      | <br><u>\$ 4,243,769</u>                    |

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

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

| 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 Governmental Activities                 | Component Unit School Board |
|  |               |                      |                                    |                                  |   |                             |
| PRIMARY GOVERNMENT:  |               |                      |                                    |                                  |   |                             |
| Governmental activities:                                     |               |                      |                                    |                                  |   |                             |
| General government administration                            | \$ 1,267,311  | \$ -                 | \$ 240,168                         | \$ -                             | \$ (1,027,143)                                  | \$ -                        |
| Judicial administration                                      | 788,780       | 10,406               | 444,300                            | -                                | (334,074)                                       | -                           |
| Public safety  | 1,589,530     | 54,238               | 868,237                            | -                                | (667,055)                                       | -                           |
| Public works   | 1,066,336     | 128,192              | 20,000                             | -                                | (918,144)                                       | -                           |
| Health and welfare   | 2,139,340     | -                    | 1,646,599                          | -                                | (492,741)                                       | -                           |
| Education  | 3,722,611     | -                    | 273,272                            | 126,396                          | (3,322,943)                                     | -                           |
| Community development  | 1,178,275     | -                    | 705,375                            | -                                | (472,900)                                       | -                           |
| Interest on long-term debt                                   | 743,397       | -                    | -                                  | -                                | (743,397)                                       | -                           |
| Total governmental activities                                | \$ 12,495,580 | \$ 192,836           | \$ 4,197,951                       | \$ 126,396                       | \$ (7,978,397)                                  | \$ -                        |
| Total primary government                                     | \$ 12,495,580 | \$ 192,836           | \$ 4,197,951                       | \$ 126,396                       | \$ (7,978,397)                                  | \$ -                        |
| COMPONENT UNIT:  |               |                      |                                    |                                  |   |                             |
| School Board   | \$ 17,505,520 | \$ 617,699           | \$ 13,445,716                      | \$ -                             | \$ -  | \$ (3,442,105)              |
| Total component unit   | \$ 17,505,520 | \$ 617,699           | \$ 13,445,716                      | \$ -                             | \$ -  | \$ (3,442,105)              |
| General revenues:  |               |                      |                                    |                                  |   |                             |
| General property taxes                                       |               |                      |                                    |                                  | \$ 5,141,240                                    | \$ -                        |
| Local sales and use taxes                                    |               |                      |                                    |                                  | 365,511   | -                           |
| Consumer's utility taxes                                     |               |                      |                                    |                                  | 180,233   | -                           |
| Other local taxes  |               |                      |                                    |                                  | 558,731   | -                           |
| Unrestricted revenues from use of money and property         |               |                      |                                    |                                  | 373,171   | -                           |
| Miscellaneous  |               |                      |                                    |                                  | 507,423   | 150                         |
| Grants and contributions not restricted to specific programs |               |                      |                                    |                                  | 1,115,543                                       | -                           |
| Payment from Lunenburg County                                |               |                      |                                    |                                  | -   | 3,807,773                   |
| Total general revenues                                       |               |                      |                                    |                                  | \$ 8,241,852                                    | \$ 3,807,923                |
| Change in net assets   |               |                      |                                    |                                  | \$ 263,455                                      | \$ 365,818                  |
| Net assets - beginning                                       |               |                      |                                    |                                  | 9,754,712                                       | 3,338,903                   |
| Net assets - ending  |               |                      |                                    |                                  | \$ 10,018,167                                   | \$ 3,704,721                |

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

## *FUND FINANCIAL STATEMENTS*



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**County of Lunenburg, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

|   | <u>General</u>      | <u>County<br/>Special<br/>Revenue</u> | <u>County<br/>Debt<br/>Service</u> | <u>County<br/>Capital<br/>Projects</u> | <u>Total</u>        |
|---|---------------------|---------------------------------------|------------------------------------|--|---------------------|
| <b>ASSETS</b>   |                     |                                       |                                    |  |                     |
| Cash and cash equivalents                             | \$ 4,645,773        | \$ 1,394,427                          | \$ 309,361                         | \$ 238,628                             | \$ 6,588,189        |
| Receivables (net of allowance<br>for uncollectibles): |                     |                                       |                                    |  |                     |
| Taxes receivable                                      | 310,942             | -                                     | -                                  | -                                      | 310,942             |
| Accounts receivable                                   | 43,344              | 26,203                                | -                                  | -                                      | 69,547              |
| Due from other governmental units                     | 798,284             | 191,078                               | -                                  | -                                      | 989,362             |
| Prepaid items   | -                   | -                                     | 671,652                            | -                                      | 671,652             |
| Total assets  | <u>\$ 5,798,343</u> | <u>\$ 1,611,708</u>                   | <u>\$ 981,013</u>                  | <u>\$ 238,628</u>                      | <u>\$ 8,629,692</u> |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                     |                                       |                                    |  |                     |
| Liabilities:  |                     |                                       |                                    |  |                     |
| Accounts payable                                      | \$ 17,651           | \$ 68,588                             | \$ -                               | \$ 122,760                             | \$ 208,999          |
| Deferred revenue                                      | 280,122             | -                                     | -                                  | -                                      | 280,122             |
| Total liabilities                                     | <u>\$ 297,773</u>   | <u>\$ 68,588</u>                      | <u>\$ -</u>                        | <u>\$ 122,760</u>                      | <u>\$ 489,121</u>   |
| Fund balances:  |                     |                                       |                                    |  |                     |
| Reserved for:   |                     |                                       |                                    |  |                     |
| Capital projects                                      | \$ -                | \$ -                                  | \$ -                               | \$ 115,868                             | \$ 115,868          |
| Airport commission                                    | -                   | 23,571                                | -                                  | -                                      | 23,571              |
| Comprehensive services act                            | -                   | (181,310)                             | -                                  | -                                      | (181,310)           |
| E911  | -                   | 236,648                               | -                                  | -                                      | 236,648             |
| Voting machine  | -                   | 15,552                                | -                                  | -                                      | 15,552              |
| Asset forfeiture                                      | -                   | 41,508                                | -                                  | -                                      | 41,508              |
| Economic development                                  | -                   | 194,931                               | -                                  | -                                      | 194,931             |
| Solid waste management                                | -                   | 848,835                               | -                                  | -                                      | 848,835             |
| Tobacco grant   | -                   | 322,391                               | -                                  | -                                      | 322,391             |
| Convenience sites                                     | -                   | 40,994                                | -                                  | -                                      | 40,994              |
| Debt service  | -                   | -                                     | 981,013                            | -                                      | 981,013             |
| Unreserved, reported in:                              |                     |                                       |                                    |  |                     |
| General fund  | 5,500,570           | -                                     | -                                  | -                                      | 5,500,570           |
| Total fund balances                                   | <u>\$ 5,500,570</u> | <u>\$ 1,543,120</u>                   | <u>\$ 981,013</u>                  | <u>\$ 115,868</u>                      | <u>\$ 8,140,571</u> |
| Total liabilities and fund balances                   | <u>\$ 5,798,343</u> | <u>\$ 1,611,708</u>                   | <u>\$ 981,013</u>                  | <u>\$ 238,628</u>                      | <u>\$ 8,629,692</u> |

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

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

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Amounts reported for governmental activities in the Statement of Net Assets are different because:

|  |              |
|--|--------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ 8,140,571 |
|--|--------------|

|   |            |
|---|------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 20,632,797 |
|---|------------|

|  |         |
|--|---------|
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 262,666 |
|--|---------|

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:

|                                |              |              |
|--------------------------------|--------------|--------------|
| Lease revenue bonds            | (6,279,009)  |              |
| General obligation bonds       | (10,837,562) |              |
| Capital leases                 | (48,784)     |              |
| Landfill postclosure liability | (1,446,501)  |              |
| Compensated absences           | (67,186)     |              |
| Accrued interest payable       | (338,825)    | (19,017,867) |

|                                       |               |
|---------------------------------------|---------------|
| Net assets of governmental activities | \$ 10,018,167 |
|---------------------------------------|---------------|

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

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

|  | <u>General</u>        | <u>County<br/>Special<br/>Revenue</u> | <u>County<br/>Debt<br/>Service</u> | <u>County<br/>Capital<br/>Projects</u> | <u>Total</u>          |
|--|-----------------------|---------------------------------------|------------------------------------|--|-----------------------|
| <b>REVENUES</b>  |                       |                                       |                                    |  |                       |
| General property taxes                                       | \$ 5,037,134          | \$ -                                  | \$ -                               | \$ -                                   | \$ 5,037,134          |
| Other local taxes  | 687,434               | 417,041                               | -                                  | -                                      | 1,104,475             |
| Permits, privilege fees,<br>and regulatory licenses          | 37,001                | -                                     | -                                  | -                                      | 37,001                |
| Fines and forfeitures  | 10,642                | -                                     | -                                  | -                                      | 10,642                |
| Revenue from the use of<br>money and property                | 227,640               | 30,292                                | 23,948                             | 91,291                                 | 373,171               |
| Charges for services   | 17,720                | 128,192                               | -                                  | (719)                                  | 145,193               |
| Miscellaneous  | 96,387                | 411,036                               | -                                  | -                                      | 507,423               |
| Recovered costs  | 77,972                | -                                     | -                                  | -                                      | 77,972                |
| Intergovernmental revenues:                                  |                       |                                       |                                    |  |                       |
| Local government   | -                     | -                                     | 85,162                             | -                                      | 85,162                |
| Commonwealth   | 3,091,092             | 1,279,317                             | 273,272                            | 126,396                                | 4,770,077             |
| Federal  | 658,186               | 11,627                                | -                                  | -                                      | 669,813               |
| Total revenues   | <u>\$ 9,941,208</u>   | <u>\$2,277,505</u>                    | <u>\$ 382,382</u>                  | <u>\$ 216,968</u>                      | <u>\$ 12,818,063</u>  |
| <b>EXPENDITURES</b>  |                       |                                       |                                    |  |                       |
| Current:   |                       |                                       |                                    |  |                       |
| General government administration                            | \$ 1,060,653          | \$ 1,276                              | \$ -                               | \$ -                                   | \$ 1,061,929          |
| Judicial administration                                      | 535,879               | -                                     | -                                  | -                                      | 535,879               |
| Public safety  | 1,460,135             | 139,255                               | -                                  | -                                      | 1,599,390             |
| Public works   | 208,266               | 819,461                               | -                                  | -                                      | 1,027,727             |
| Health and welfare   | 1,477,354             | 684,400                               | -                                  | -                                      | 2,161,754             |
| Education  | 3,169,379             | -                                     | -                                  | -                                      | 3,169,379             |
| Community development  | 394,292               | 764,411                               | -                                  | -                                      | 1,158,703             |
| Capital projects   | 192,574               | -                                     | -                                  | 1,691,653                              | 1,884,227             |
| Debt service:  |                       |                                       |                                    |  |                       |
| Principal retirement   | -                     | 70,791                                | 831,385                            | -                                      | 902,176               |
| Interest and other fiscal charges                            | -                     | 2,653                                 | 773,489                            | -                                      | 776,142               |
| Total expenditures   | <u>\$ 8,498,532</u>   | <u>\$2,482,247</u>                    | <u>\$ 1,604,874</u>                | <u>\$ 1,691,653</u>                    | <u>\$ 14,277,306</u>  |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>\$ 1,442,676</u>   | <u>\$ (204,742)</u>                   | <u>\$ (1,222,492)</u>              | <u>\$ (1,474,685)</u>                  | <u>\$ (1,459,243)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                                       |                                    |  |                       |
| Transfers in   | \$ -                  | \$ 494,244                            | \$ 1,177,479                       | \$ -                                   | \$ 1,671,723          |
| Transfers out  | (1,650,561)           | -                                     | -                                  | (21,162)                               | (1,671,723)           |
| Issuance of debt   | -                     | -                                     | -                                  | 400,000                                | 400,000               |
| Total other financing sources (uses)                         | <u>\$ (1,650,561)</u> | <u>\$ 494,244</u>                     | <u>\$ 1,177,479</u>                | <u>\$ 378,838</u>                      | <u>\$ 400,000</u>     |
| Net change in fund balances                                  | \$ (207,885)          | \$ 289,502                            | \$ (45,013)                        | \$ (1,095,847)                         | \$ (1,059,243)        |
| Fund balances - beginning                                    | 5,708,455             | 1,253,618                             | 1,026,026                          | 1,211,715                              | 9,199,814             |
| Fund balances - ending                                       | <u>\$ 5,500,570</u>   | <u>\$1,543,120</u>                    | <u>\$ 981,013</u>                  | <u>\$ 115,868</u>                      | <u>\$ 8,140,571</u>   |

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

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

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

Net change in fund balances - total governmental funds \$ (1,059,243)

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       | \$ 1,261,140     |         |
| Depreciation expense | <u>(638,347)</u> | 622,793 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 104,106

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

|  |               |         |
|--|---------------|---------|
| Principal retirement on lease revenue bonds      | \$ 192,991    |         |
| Principal retirement on general obligation bonds | 638,394       |         |
| Lease revenue bonds issued                       | (400,000)     |         |
| Principal retirement on capital leases           | 70,791        |         |
| Decrease of landfill postclosure liability       | <u>10,008</u> | 512,184 |

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.

|   |               |        |
|---|---------------|--------|
| (Increase) decrease in interest payable | \$ 19,409     |        |
| Amortization of bond issuance premium   | 13,336        |        |
| (Increase) decrease in accrued leave    | <u>50,870</u> | 83,615 |

Change in net assets of governmental activities \$ 263,455

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

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

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|  | <b><u>Agency<br/>Funds</u></b> |
|--|--------------------------------|
| <b>ASSETS</b>                            |                                |
| Cash and cash equivalents                | \$ <u><u>(2,330)</u></u>       |
| <b>LIABILITIES</b>                       |                                |
| Amounts held for social services clients | \$ <u><u>(2,330)</u></u>       |

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

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## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements As of June 30, 2008

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#### ***Note 1—Summary of Significant Accounting Policies:***

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

The financial statements of the County of Lunenburg, 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 LUNENBURG, VIRGINIA

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

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

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**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, including 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 Lunenburg (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 LUNENBURG, VIRGINIA

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

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

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#### **B. Individual Component Unit Disclosures**

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

*Discretely Presented Component Units.* The School Board members are elected by the citizens of Lunenburg County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2008.

#### **C. Other Related Organizations Included in the County's Financial Report**

None

#### **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 provided have been met.

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.

## COUNTY OF LUNENBURG, VIRGINIA

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

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

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

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 LUNENBURG, VIRGINIA

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

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

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#### **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.

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.

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

The County reports the following non-major governmental funds:

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting 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.

#### **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.

## COUNTY OF LUNENBURG, VIRGINIA

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

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

#### **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 \$374,427 at June 30, 2008 and is comprised solely of property taxes.

#### **Real and Personal Property Tax Data:**

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

|           | <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.

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 units, are depreciated using the straight-line method over the following estimated useful lives.

| <u>Assets</u>                             | <u>Years</u> |
|---|--------------|
| Building Improvements                     | 40           |
| Furniture, Vehicles, and Office Equipment | 5-20         |
| Buses                                     | 10           |

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

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**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 accumulating rights to received 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 cost 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.

**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.

## COUNTY OF LUNENBURG, VIRGINIA

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

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### ***Note 2—Stewardship, Compliance, and Accounting:***

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

1. On or before March 30<sup>th</sup>, 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 County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

### ***Note 3—Deposits and Investments:***

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#### **Deposits**

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

#### **Investments**

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

## COUNTY OF LUNENBURG, VIRGINIA

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

### **Note 3—Deposits and Investments: (Continued)**

#### **Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2008 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

|                          | <b>Fair Quality Ratings</b> |                   |                   |
|--------------------------|-----------------------------|-------------------|-------------------|
|                          | <b>AAA</b>                  | <b>AA+</b>        | <b>AA-</b>        |
| State Non-Arbitrage Pool | \$ 872,790                  | \$ -              | \$ -              |
| Corporate Debt           | 50,162                      | 149,744           | 477,048           |
| Commercial Paper         | 149,233                     | -                 | -                 |
| Municipal/Public Bonds   | 1,789,361                   | -                 | 50,113            |
| Total                    | <u>\$ 2,861,546</u>         | <u>\$ 149,744</u> | <u>\$ 527,161</u> |

#### **Interest Rate Risk**

| <b>Investment Maturities (in years)</b> |                     |                         |
|---|---------------------|-------------------------|
| <b>Investment Type</b>                  | <b>Fair Value</b>   | <b>Less Than 1 Year</b> |
| Municipal/Public Bonds                  | \$ 1,839,474        | \$ 1,839,474            |
| Commercial Paper                        | 149,233             | 149,233                 |
| Total                                   | <u>\$ 1,988,707</u> | <u>\$ 1,988,707</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).



## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements (Continued)

As of June 30, 2008

#### ***Note 4—Due to/from Other Governments:***

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

|                                       | <u>Primary<br/>Government</u> | <u>Component<br/>Unit<br/>School Board</u> |
|---------------------------------------|-------------------------------|--|
| Other Local Governments:              |                               |  |
| Lunenburg County School Board         | \$ 479,887                    | \$ -                                       |
| Commonwealth of Virginia:             |                               |  |
| Local sales tax                       | 84,034                        | -  |
| Welfare                               | 40,008                        | -  |
| Rolling stock tax                     | 5,038                         | -  |
| State Sales Tax                       | -                             | 301,073                                    |
| Wireless grant                        | 7,259                         | -  |
| Constitutional officer reimbursements | 113,982                       | -  |
| Registrar payments                    | 5,404                         | -  |
| Recordation tax                       | 4,496                         | -  |
| Victim witness grant                  | 9,826                         | -  |
| Byrne drug grant                      | 5,460                         | -  |
| Local law enforcement block grant     | 579                           | -  |
| Comprehensive services act            | 145,771                       | -  |
| Communications tax                    | 38,047                        | -  |
| Federal Government:                   |                               |  |
| School fund grants                    | -                             | 237,975                                    |
| Homeland security                     | 2,440                         | -  |
| Welfare                               | 47,131                        | -  |
| Total due from other governments      | \$ <u>989,362</u>             | \$ <u>539,048</u>                          |

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

|                          |             |                   |
|--------------------------|-------------|-------------------|
| Other Local Governments: |             |                   |
| County of Lunenburg      | \$ <u>-</u> | \$ <u>479,887</u> |

# COUNTY OF LUNENBURG, VIRGINIA

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

## Note 5—Capital Assets:

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

### Primary Government:

|  | Balance<br>July 1, 2007 | Increases    | Decreases  | Balance<br>June 30, 2008 |
|--|-------------------------|--------------|------------|--------------------------|
| <b>Governmental activities:</b>                  |                         |              |            |                          |
| Capital assets not subject to depreciation:      |                         |              |            |                          |
| Land   | \$ 279,656              | \$ -         | \$ -       | \$ 279,656               |
| Construction in progress                         | 45,273                  | -            | -          | 45,273                   |
| Total capital assets not subject to depreciation | \$ 324,929              | \$ -         | \$ -       | \$ 324,929               |
| Capital assets subject to depreciation:          |                         |              |            |                          |
| Buildings  | \$ 8,583,336            | \$ -         | \$ -       | \$ 8,583,336             |
| Equipment  | 1,676,578               | 55,148       | 38,566     | 1,693,160                |
| Jointly owned assets                             | 13,980,152              | -            | 360,167    | 13,619,985               |
| Total capital assets being depreciated           | \$ 24,240,066           | \$ 55,148    | \$ 398,733 | \$ 23,896,481            |
| Less accumulated depreciation for:               |                         |              |            |                          |
| Buildings  | \$ 724,667              | \$ 217,917   | \$ -       | \$ 942,584               |
| Equipment  | 1,032,740               | 142,202      | 38,566     | 1,136,376                |
| Jointly owned assets                             | 2,797,584               | 359,565      | 81,337     | 3,075,812                |
| Total accumulated depreciation                   | \$ 4,554,991            | \$ 719,684   | \$ 119,903 | \$ 5,154,772             |
| Total capital assets being depreciated, net      | \$ 19,685,075           | \$ (664,536) | \$ 278,830 | \$ 18,741,709            |
| Governmental capital assets, net                 | \$ 20,010,004           | \$ (664,536) | \$ 278,830 | \$ 19,066,638            |

### Component Unit - School Board:

|  | Balance<br>July 1, 2007 | Increases  | Decreases | Balance<br>June 30, 2008 |
|--|-------------------------|------------|-----------|--------------------------|
| <b>Governmental activities:</b>                  |                         |            |           |                          |
| Capital assets not subject to depreciation:      |                         |            |           |                          |
| Land   | \$ 37,807               | \$ -       | \$ -      | \$ 37,807                |
| Total capital assets not subject to depreciation | \$ 37,807               | \$ -       | \$ -      | \$ 37,807                |
| Capital assets subject to depreciation:          |                         |            |           |                          |
| Equipment  | \$ 1,992,092            | \$ 157,100 | \$ -      | \$ 2,149,192             |
| Jointly owned assets                             | 3,028,469               | 360,167    | -         | 3,388,636                |
| Total capital assets being depreciated           | \$ 5,020,561            | \$ 517,267 | \$ -      | \$ 5,537,828             |
| Less accumulated depreciation for:               |                         |            |           |                          |
| Equipment  | \$ 1,388,622            | \$ 144,936 | \$ -      | \$ 1,533,558             |
| Jointly owned assets                             | 606,030                 | 159,228    | -         | 765,258                  |
| Total accumulated depreciation                   | \$ 1,994,652            | \$ 304,164 | \$ -      | \$ 2,298,816             |
| Total capital assets being depreciated, net      | \$ 3,025,909            | \$ 213,103 | \$ -      | \$ 3,239,012             |
| Governmental capital assets, net                 | \$ 3,063,716            | \$ 213,103 | \$ -      | \$ 3,276,819             |

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2008

**Note 5—Capital Assets: (Continued)**

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

Governmental activities:

|                                   |    |               |
|-----------------------------------|----|---------------|
| General government administration | \$ | 4,514         |
| Judicial administration           |    | 171,114       |
| Public safety                     |    | 73,512        |
| Public works                      |    | 69,910        |
| Health and welfare                |    | 21,652        |
| Education                         |    | 278,228       |
| Community development             |    | <u>19,417</u> |

|                               |    |                       |
|-------------------------------|----|-----------------------|
| Total Governmental activities | \$ | <u><u>638,347</u></u> |
|-------------------------------|----|-----------------------|

|                             |    |                       |
|-----------------------------|----|-----------------------|
| Component Unit School Board | \$ | <u><u>304,164</u></u> |
|-----------------------------|----|-----------------------|

**Note 6—Interfund Transfers:**

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

| <u>Fund</u>              | <u>Transfers In</u>        | <u>Transfers Out</u>       |
|--------------------------|----------------------------|----------------------------|
| Primary Government:      |                            |                            |
| General                  | \$ -                       | \$ 1,650,561               |
| County special revenue   | 494,244                    | -                          |
| County debt service fund | 1,177,479                  | -                          |
| County capital projects  | -                          | 21,162                     |
| Component Unit:          |                            |                            |
| School operating         | -                          | 539,676                    |
| School special revenue   | <u>539,676</u>             | <u>-</u>                   |
| Total                    | \$ <u><u>2,211,399</u></u> | \$ <u><u>2,211,399</u></u> |

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

# COUNTY OF LUNENBURG, VIRGINIA

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

## **Note 7—Long Term Obligations:**

### **Primary Government:**

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

|  | <u>Amounts<br/>Payable<br/>at July 1,<br/>2007</u> | <u>Increases</u>         | <u>Decreases</u>           | <u>Amounts<br/>Payable at<br/>June 30,<br/>2008</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|--|--|--------------------------|----------------------------|---|--|
| Governmental Obligations:                          |  |                          |                            |   |  |
| Incurring by County:                               |  |                          |                            |   |  |
| Claims, judgments and compensated absences payable | \$ 118,056   | \$ 40,905                | \$ 91,775                  | \$ 67,186   | \$ 6,719                                   |
| Capital lease                                      | 119,575  | -                        | 70,791                     | 48,784  | 26,071                                     |
| Lease revenue bond payable                         | 6,072,000  | 400,000                  | 192,991                    | 6,279,009   | 192,484                                    |
| Landfill post closure care                         | <u>1,456,509</u>                                   | <u>-</u>                 | <u>10,008</u>              | <u>1,446,501</u>                                    | <u>-</u>                                   |
| Total incurred by County                           | \$ <u>7,766,140</u>                                | \$ <u>440,905</u>        | \$ <u>365,565</u>          | \$ <u>7,841,480</u>                                 | \$ <u>225,274</u>                          |
| Incurring by School Board:                         |  |                          |                            |   |  |
| General obligation bonds                           | \$ 11,182,568                                      | \$ -                     | \$ 638,394                 | \$ 10,544,174                                       | \$ 655,328                                 |
| Add deferred amounts for:<br>Issuance premium      | <u>306,724</u>                                     | <u>-</u>                 | <u>13,336</u>              | <u>293,388</u>                                      | <u>-</u>                                   |
| Total incurred by School Board                     | \$ <u>11,489,292</u>                               | \$ <u>-</u>              | \$ <u>651,730</u>          | \$ <u>10,837,562</u>                                | \$ <u>655,328</u>                          |
| Total Governmental Obligations                     | \$ <u><u>19,255,432</u></u>                        | \$ <u><u>440,905</u></u> | \$ <u><u>1,017,295</u></u> | \$ <u><u>18,679,042</u></u>                         | \$ <u><u>880,602</u></u>                   |

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**COUNTY OF LUNENBURG, VIRGINIA**

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

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**Note 7—Long Term Obligations: (Continued)**

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**Primary Government: (continued)**

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

| Year<br>Ending<br>June 30 | County Obligations     |                     |
|---------------------------|------------------------|---------------------|
|                           | Lease Revenue<br>Bonds |                     |
|                           | Principal              | Interest            |
| 2009                      | \$ 192,484             | \$ 239,606          |
| 2010                      | 199,400                | 232,186             |
| 2011                      | 207,359                | 224,496             |
| 2012                      | 215,363                | 216,500             |
| 2013                      | 223,414                | 208,190             |
| 2014                      | 360,514                | 199,570             |
| 2015                      | 373,666                | 185,784             |
| 2016                      | 387,872                | 171,494             |
| 2017                      | 403,136                | 156,658             |
| 2018                      | 418,458                | 141,234             |
| 2019                      | 434,842                | 125,224             |
| 2020                      | 451,292                | 108,584             |
| 2021                      | 467,810                | 91,312              |
| 2022                      | 486,399                | 73,404              |
| 2023                      | 468,000                | 54,784              |
| 2024                      | 485,000                | 37,186              |
| 2025                      | 504,000                | 18,951              |
| Total                     | \$ <u>6,279,009</u>    | \$ <u>2,485,163</u> |

**COUNTY OF LUNENBURG, VIRGINIA**

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

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***Note 7—Long-Term Obligations: (Continued)***

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**Primary Government: (continued)**

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

| Year<br>Ending<br>June 30 | School Obligations          |                     |
|---------------------------|-----------------------------|---------------------|
|                           | General Obligation<br>Bonds |                     |
|                           | Principal                   | Interest            |
| 2009                      | \$ 655,328                  | \$ 494,959          |
| 2010                      | 681,523                     | 457,618             |
| 2011                      | 707,853                     | 419,506             |
| 2012                      | 730,600                     | 379,632             |
| 2013                      | 452,132                     | 349,017             |
| 2014                      | 466,603                     | 327,912             |
| 2015                      | 480,464                     | 305,529             |
| 2016                      | 495,491                     | 281,730             |
| 2017                      | 515,959                     | 257,145             |
| 2018                      | 531,905                     | 231,550             |
| 2019                      | 463,209                     | 205,115             |
| 2020                      | 479,722                     | 183,403             |
| 2021                      | 496,771                     | 160,948             |
| 2022                      | 509,177                     | 137,724             |
| 2023                      | 526,765                     | 113,899             |
| 2024                      | 543,859                     | 90,171              |
| 2025                      | 560,678                     | 66,126              |
| 2026                      | 577,735                     | 41,362              |
| 2027                      | 214,500                     | 25,065              |
| 2028                      | 221,200                     | 17,021              |
| 2029                      | 232,700                     | 8,726               |
| Total                     | \$ <u>10,544,174</u>        | \$ <u>4,554,158</u> |

**COUNTY OF LUNENBURG, VIRGINIA**

**Notes to Financial Statements (Continued)**

**As of June 30, 2008**

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**Note 7—Long-Term Obligations: (Continued)**

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**Primary Government: (continued)**

**General Obligations:**

**Incurred by County:**

**Capital Lease Obligations:**

\$53,007 Capital lease issued April 24, 2008, secured by a leasehold interest in the equipment. Due in monthly installments of \$2,322 (principal plus interest) at varying interest rates.

\$ 48,784

**Lease Revenue Bond:**

\$6,354,000 Lease revenue bond, Series 2004, issued December 13, 2004, due in varying installments of principal and interest through February 1, 2025, interest at 3.76%.

\$ 5,905,000

\$400,000 Public facility lease revenue bond, Series 2007, issued June 29, 2008, due in varying installments of principal and interest through February 1, 2022, interest at 4.7%

374,009

Total lease revenue bonds

\$ 6,279,009

Landfill post closure cost

\$ 1,446,501

Compensated absences (payable from the General Fund)

\$ 67,186

Total incurred by County

\$ 7,841,480

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**COUNTY OF LUNENBURG, VIRGINIA**

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

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (continued)**

**General Obligations:**

**Incurred by School Board:**

**General Obligation Bonds:**

|  |    |            |
|--|----|------------|
| \$907,919 General Obligation Refunding Note, Series 1998, issued July 30, 1998, due in annual installments of \$85,162, through July 30, 2017, interest at 6.59%   | \$ | 608,642    |
| \$4,127,773, Virginia Public School Authority bonds issued July 31, 1991, due in varying semi-annual installments of principal and interest through July 15, 2011; interest payable semi-annually at rates ranging from 4.85% to 6.60% per annum.    |    | 1,098,588  |
| \$750,000 School Bonds 2003B Series issued March 15, 2003 due in varying annual installments through February 1, 2029, interest at various rates.  |    | 490,000    |
| \$5,856,256 School Bonds 2005A Series issued October 25, 2005, due in varying annual installments through January 15, 2006, interest at various rates. Face amount of bonds outstanding, \$5,394,244 plus unamortized issuance premium of \$293,388. |    | 5,648,632  |
| \$3,020,000 School Bonds 2005B Series issued October 25, 2005, due in varying annual installments through February 1, 2029, interest at 3.75%.   |    | 2,952,700  |
| Total General Obligation Bonds   | \$ | 10,837,562 |
| Total Incurred by School Board   | \$ | 10,837,562 |
| Total General Obligations, Primary Government  | \$ | 18,679,042 |

**Component Unit-School Board:**

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

| Component Unit-School Board       | Amounts<br>Payable<br>at July 1,<br>2007 | Increases | Decreases | Amounts<br>Payable at<br>June 30,<br>2008 | Amounts<br>Due Within<br>One Year |
|-----------------------------------|--|-----------|-----------|---|-----------------------------------|
| Component Unit-School Board:      |  |           |           |   |                                   |
| Compensated absences              | \$ 43,275                                | \$ -      | \$ 43,275 | \$ -                                      | \$ -                              |
| Total Component Unit-School Board | \$ 43,275                                | \$ -      | \$ 43,275 | \$ -                                      | \$ -                              |



COUNTY OF LUNENBURG, VIRGINIA

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

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***Note 8—Capital Lease:***

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The government has entered into a lease agreement as lessee for financing the acquisition of Landfill equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through capital lease is as follows:

|                                | <u>Primary<br/>Government</u> |
|--------------------------------|-------------------------------|
| Asset:                         |                               |
| Equipment                      | \$ 399,950                    |
| Less: accumulated depreciation | <u>219,868</u>                |
| Total                          | <u><u>\$ 180,082</u></u>      |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

| <u>Year Ended June 30</u>               | <u>Primary<br/>Government</u> |
|---|-------------------------------|
| 2009                                    | \$ 27,868                     |
| 2010                                    | <u>23,223</u>                 |
| Total minimum lease payments            | \$ 51,091                     |
| Less: amount representing interest      | <u>(2,307)</u>                |
| Present value of minimum lease payments | <u><u>\$ 48,784</u></u>       |

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## COUNTY OF LUNENBURG, VIRGINIA

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

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### ***Note 9—Closure and Postclosure Costs:***

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State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years. The \$1,446,501 was reported as landfill closure and postclosure care liability at June 30, 2008, and it represents the cumulative amount to date based on the estimated capacity of the landfill. The County will recognize the remaining one half of the estimated cost of closure and postclosure care of \$1,446,501 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The County expects to close the landfill in the year 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

### ***Note 10—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 \$280,122 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$262,666 at June 30, 2008.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2008 but paid in advance by the taxpayers totaled \$17,456 at June 30, 2008.

### ***Note 11—Commitments and Contingent Liabilities:***

---

Federal programs in which the County and its discretely presented component unit participate were audited in accordance with the provisions of the 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.

At June 30, 2006, the County had the following construction contracts and retainage payable

|                    | <u>Project</u> | <u>Contractor</u>    | <u>Balance at<br/>June 30, 2006</u> |
|--------------------|----------------|----------------------|-------------------------------------|
| Primary Government | Courthouse     | Canavan Construction | \$ 1,131,750                        |

## COUNTY OF LUNENBURG, VIRGINIA

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

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### ***Note 12—Litigation:***

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

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### ***Note 13 —Risk Management:***

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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. 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.

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## COUNTY OF LUNENBURG, VIRGINIA

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

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### ***Note 14 –Defined Benefit Pension Plan:***

#### **Primary Government and Discretely Presented Component Unit-School Board:**

##### **A. Plan Description**

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

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

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

##### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2008 were 5.29% and 6.03% of annual covered payroll, respectively.

The School Board's professional employees contributed \$848,508, \$781,147, and \$531,739 to the teacher cost-sharing pool for the fiscal years ended June 30, 2008, 2007, and 2006 respectively. The County's current rate is 10.30% of annual covered payroll.

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 14 –Defined Benefit Pension Plan (Continued):**

**Primary Government and Discretely Presented Component Unit-School Board: (continued)**

**C. Annual Pension Cost**

For fiscal year 2008, the County's annual pension cost of \$117,882 (which does not include the employees portion assumed by the County of \$111,420) was equal to the County's required and actual contributions.

For fiscal year 2008, the County School Board's annual pension cost for the Board's non-professional employees was \$43,743 (which does not include the employees portion assumed by the School Board of \$36,271) was equal to the Board's required and actual contributions.

| <u>Fiscal Year<br/>Ending</u> |    | <u>Annual<br/>Pension<br/>Cost (APC) (1)</u> | <u>Percentage of APC<br/>Contributed</u> |    | <u>Net<br/>Pension<br/>Obligation</u> |
|-------------------------------|----|--|--|----|---------------------------------------|
| County:                       |    |  |  |    |                                       |
| June 30, 2008                 | \$ | 117,882                                      | 100%                                     | \$ | -                                     |
| June 30, 2007                 |    | 111,134                                      | 100%                                     |    | -                                     |
| June 30, 2006                 |    | 61,716                                       | 100%                                     |    | -                                     |
| School Board:                 |    |  |  |    |                                       |
| Non-Professional:             |    |  |  |    |                                       |
| June 30, 2008                 | \$ | 43,743                                       | 100%                                     | \$ | -                                     |
| June 30, 2007                 |    | 43,388                                       | 100%                                     |    | -                                     |
| June 30, 2006                 |    | 20,319                                       | 100%                                     |    | -                                     |

(1) Employer portion only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's 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 and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements (Continued)

As of June 30, 2008

#### ***Note 14 –Defined Benefit Pension Plan (Continued):***

##### **Primary Government and Discretely Presented Component Unit-School Board: (continued)**

#### **D. Funded Status and Funding Progress**

As of June 30, 2007, the most recent actuarial valuation date, the Primary Government plan was 89.76% funded. The actuarial accrued liability for benefits was \$8,694,484, and the actuarial value of assets was \$7,803,838, resulting in an unfunded actuarial accrued liability (UAAL) of \$890,646. The covered payroll (annual payroll of active employees covered by the plan) was \$2,484,267, and ratio of the UAAL to the covered payroll was 35.85%.

As of June 30, 2007, the most recent actuarial valuation date, the School Board's Non-Professional plan was 99.69% funded. The actuarial accrued liability for benefits was \$1,613,978, and the actuarial value of assets was \$1,608,962, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,016. The covered payroll (annual payroll of active employees covered by the plan) was \$709,429, and ratio of the UAAL to the covered payroll was 0.71%.

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

#### ***Note 15 –Surety Bonds:***

|  | <u>Amount</u> |
|--|---------------|
| Division of Risk Management Surety Bond:         |               |
| Commonwealth Funds                               |               |
| Gordon F. Erby, Clerk of the Circuit Court       | \$ 150,000    |
| Betsy N. Long, Treasurer                         | 400,000       |
| Patricia M. Adams, Commissioner of the Revenue   | 3,000         |
| Arthur Townsend, Sheriff                         | 30,000        |
| Fidelity and Deposit Company of Maryland-Surety: |               |
| Thomas Palmore, Clerk of the Board               | 10,000        |
| Linda Brame, Clerk of Textbook Fund              | 10,000        |
| Mary B. Leistra, Deputy Clerk of the Board       | 10,000        |
| Wayne Staples, School Superintendent             | 10,000        |
| All School Board Employees-blanket bond          | 2,500         |
| Western Surety Company:                          |               |
| Dorothy A. Newcomb, Director of Social Services  | 100,000       |
| VA Risk Pool:                                    |               |
| All Social Services Employees-Blanket Bond       | 1,000,000     |

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## ***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***



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## *COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES*

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

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>         | <u>Variance with</u>  |
|---|-------------------------|-----------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u>        | <u>Final Budget -</u><br><u>Positive</u><br><u>(Negative)</u> |
| <b>REVENUES</b>   |                         |                       |                       |   |
| General property taxes                                    | \$ 4,946,300            | \$ 4,946,300          | \$ 5,037,134          | \$ 90,834   |
| Other local taxes   | 514,909                 | 514,909               | 687,434               | 172,525   |
| Permits, privilege fees, and regulatory licenses          | 52,800                  | 52,800                | 37,001                | (15,799)  |
| Fines and forfeitures                                     | 25,300                  | 25,300                | 10,642                | (14,658)  |
| Revenue from the use of money and property                | 290,000                 | 290,000               | 227,640               | (62,360)  |
| Charges for services                                      | 2,197                   | 2,197                 | 17,720                | 15,523  |
| Miscellaneous   | 35,000                  | 35,000                | 96,387                | 61,387  |
| Recovered costs   | 85,027                  | 85,027                | 77,972                | (7,055)   |
| Intergovernmental revenues:                               |                         |                       |                       |   |
| Commonwealth  | 2,839,014               | 2,839,014             | 3,091,092             | 252,078   |
| Federal   | 452,028                 | 452,028               | 658,186               | 206,158   |
| Total revenues  | <u>\$ 9,242,575</u>     | <u>\$ 9,242,575</u>   | <u>\$ 9,941,208</u>   | <u>\$ 698,633</u>   |
| <b>EXPENDITURES</b>                                       |                         |                       |                       |   |
| Current:  |                         |                       |                       |   |
| General government administration                         | \$ 1,091,094            | \$ 1,138,761          | \$ 1,060,653          | \$ 78,108   |
| Judicial administration                                   | 626,434                 | 648,369               | 535,879               | 112,490   |
| Public safety   | 1,397,790               | 1,478,641             | 1,460,135             | 18,506  |
| Public works  | 226,155                 | 226,155               | 208,266               | 17,889  |
| Health and welfare  | 1,261,246               | 1,261,246             | 1,477,354             | (216,108)   |
| Education   | 3,274,116               | 3,274,116             | 3,169,379             | 104,737   |
| Community development                                     | 486,402                 | 476,700               | 394,292               | 82,408  |
| Capital projects  | 226,000                 | 215,179               | 192,574               | 22,605  |
| Total expenditures  | <u>\$ 8,589,237</u>     | <u>\$ 8,719,167</u>   | <u>\$ 8,498,532</u>   | <u>\$ 220,635</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 653,338</u>       | <u>\$ 523,408</u>     | <u>\$ 1,442,676</u>   | <u>\$ 919,268</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                       |                       |   |
| Transfers out   | \$ (1,822,696)          | \$ (1,822,696)        | \$ (1,650,561)        | \$ 172,135  |
| Total other financing sources and uses                    | <u>\$ (1,822,696)</u>   | <u>\$ (1,822,696)</u> | <u>\$ (1,650,561)</u> | <u>\$ 172,135</u>   |
| Net change in fund balances                               | <u>\$ (1,169,358)</u>   | <u>\$ (1,299,288)</u> | <u>\$ (207,885)</u>   | <u>\$ 1,091,403</u>   |
| Fund balances - beginning                                 | 1,169,358               | 1,299,288             | 5,708,455             | 4,409,167   |
| Fund balances - ending                                    | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ 5,500,570</u>   | <u>\$ 5,500,570</u>   |

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

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with</u>  |
|---|-------------------------|---------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u>      | <u>Final Budget -</u><br><u>Positive</u><br><u>(Negative)</u> |
| <b>REVENUES</b>   |                         |                     |                     |   |
| Other local taxes   | \$ 395,000              | \$ 395,000          | \$ 417,041          | \$ 22,041   |
| Revenue from the use of money and property                | 20,500                  | 20,500              | 30,292              | 9,792   |
| Charges for services                                      | 169,400                 | 169,400             | 128,192             | (41,208)  |
| Miscellaneous   | 53,000                  | 53,000              | 411,036             | 358,036   |
| Intergovernmental revenues:                               |                         |                     |                     |   |
| Commonwealth  | 1,293,728               | 1,293,728           | 1,279,317           | (14,411)  |
| Federal   | -                       | -                   | 11,627              | 11,627  |
| Total revenues  | <u>\$ 1,931,628</u>     | <u>\$ 1,931,628</u> | <u>\$ 2,277,505</u> | <u>\$ 345,877</u>   |
| <b>EXPENDITURES</b>                                       |                         |                     |                     |   |
| Current:  |                         |                     |                     |   |
| General government administration                         | \$ 5,000                | \$ 5,000            | \$ 1,276            | \$ 3,724  |
| Public safety   | 164,500                 | 196,017             | 139,255             | 56,762  |
| Public works  | 836,379                 | 836,379             | 819,461             | 16,918  |
| Health and welfare  | 482,500                 | 482,500             | 684,400             | (201,900)   |
| Community development                                     | 570,000                 | 1,171,836           | 764,411             | 407,425   |
| Debt service:   |                         |                     |                     |   |
| Principal retirement                                      | -                       | -                   | 70,791              | (70,791)  |
| Interest and other fiscal charges                         | -                       | -                   | 2,653               | (2,653)   |
| Total expenditures  | <u>\$ 2,058,379</u>     | <u>\$ 2,691,732</u> | <u>\$ 2,482,247</u> | <u>\$ 209,485</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (126,751)</u>     | <u>\$ (760,104)</u> | <u>\$ (204,742)</u> | <u>\$ 555,362</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                     |                     |   |
| Transfers in  | \$ -                    | \$ -                | \$ 494,244          | \$ 494,244  |
| Total other financing sources and uses                    | <u>\$ -</u>             | <u>\$ -</u>         | <u>\$ 494,244</u>   | <u>\$ 494,244</u>   |
| Net change in fund balances                               | \$ (126,751)            | \$ (760,104)        | \$ 289,502          | \$ 1,049,606  |
| Fund balances - beginning                                 | 126,751                 | 760,104             | 1,253,618           | 493,514   |
| Fund balances - ending                                    | <u>\$ -</u>             | <u>\$ -</u>         | <u>\$ 1,543,120</u> | <u>\$ 1,543,120</u>   |

## County of Lunenburg, Virginia

## Schedule of Funding Progress-Virginia Retirement System

For the Year Ended June 30, 2008

| Valuation Date                  | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) | Funded Ratio (2) (3) | Annual Covered Payroll | UAAL as % of Payroll (4) (6) |
|---------------------------------|---------------------------------|-----------------------------------|---|----------------------|------------------------|------------------------------|
| County:                         |                                 |                                   |   |                      |                        |                              |
| 6/30/2007                       | \$ 7,803,838                    | \$ 8,694,484                      | \$ 890,646  | 89.76%               | \$ 2,484,267           | 35.85%                       |
| 6/30/2006                       | 6,937,067                       | 6,824,870                         | (112,197)   | 101.64%              | 1,989,633              | -5.64%                       |
| 6/30/2005                       | 6,444,066                       | 6,921,374                         | 477,308   | 93.10%               | 1,904,059              | 25.07%                       |
| 6/30/2004                       | 6,207,632                       | 5,860,399                         | (347,233)   | 105.93%              | 2,022,227              | -17.17%                      |
| 6/30/2003                       | 6,061,282                       | 5,587,357                         | (473,925)   | 108.48%              | 1,968,288              | -24.08%                      |
| 6/30/2002                       | 5,946,521                       | 5,128,269                         | (818,252)   | 115.96%              | 1,968,318              | -41.57%                      |
| 6/30/2001                       | 5,686,878                       | 4,670,289                         | (1,016,589)   | 121.77%              | 1,835,615              | -55.38%                      |
| 6/30/2000                       | 5,123,915                       | 4,147,015                         | (976,900)   | 123.60%              | 1,665,583              | -58.70%                      |
| School Board Non-Professionals: |                                 |                                   |   |                      |                        |                              |
| 6/30/2007                       | \$ 1,608,962                    | \$ 1,613,978                      | \$ 5,016  | 99.69%               | \$ 709,429             | 0.71%                        |
| 6/30/2006                       | 1,391,349                       | 1,460,314                         | 68,965  | 95.28%               | 676,728                | 10.19%                       |
| 6/30/2005                       | 1,271,916                       | 1,372,535                         | 100,619   | 92.67%               | 651,643                | 15.44%                       |
| 6/30/2004                       | 1,257,074                       | 1,205,371                         | (51,703)  | 104.29%              | 644,622                | -8.02%                       |
| 6/30/2003                       | 1,206,800                       | 1,082,201                         | (124,599)   | 111.51%              | 592,662                | -21.02%                      |
| 6/30/2002                       | 1,164,546                       | 1,003,382                         | (161,164)   | 116.06%              | 599,933                | -26.86%                      |
| 6/30/2001                       | 1,098,996                       | 899,754                           | (199,242)   | 122.14%              | 595,092                | -33.48%                      |
| 6/30/2000                       | 971,695                         | 786,116                           | (185,579)   | 123.60%              | 545,161                | -34.00%                      |

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## *OTHER SUPPLEMENTARY INFORMATION*



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**County of Lunenburg, Virginia**  
**County Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2008**

|   | <u>Budgeted Amounts</u>      |                              | <u>Actual</u>            | <u>Variance with</u>  |
|---|------------------------------|------------------------------|--------------------------|---|
|   | <u>Original</u>              | <u>Final</u>                 | <u>Amounts</u>           | <u>Final Budget -</u><br><u>Positive</u><br><u>(Negative)</u> |
| <b>REVENUES</b>   |                              |                              |                          |   |
| Revenue from the use of money and property                | \$ 24,000                    | \$ 24,000                    | \$ 23,948                | \$ (52)   |
| Intergovernmental revenues:                               |                              |                              |                          |   |
| Local government  | -                            | -                            | 85,162                   | 85,162  |
| Commonwealth  | 278,838                      | 278,838                      | 273,272                  | (5,566)   |
| Total revenues  | <u>\$ 302,838</u>            | <u>\$ 302,838</u>            | <u>\$ 382,382</u>        | <u>\$ 79,544</u>  |
| <b>EXPENDITURES</b>                                       |                              |                              |                          |   |
| Debt service:   |                              |                              |                          |   |
| Principal retirement                                      | \$ 831,385                   | \$ 831,385                   | \$ 831,385               | \$ -  |
| Interest and other fiscal charges                         | 644,932                      | 944,932                      | 773,489                  | 171,443   |
| Total expenditures  | <u>\$ 1,476,317</u>          | <u>\$ 1,776,317</u>          | <u>\$ 1,604,874</u>      | <u>\$ 171,443</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,173,479)</u>        | <u>\$ (1,473,479)</u>        | <u>\$ (1,222,492)</u>    | <u>\$ 250,987</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                              |                              |                          |   |
| Transfers in  | \$ -                         | \$ -                         | \$ 1,177,479             | \$ 1,177,479  |
| Total other financing sources and uses                    | <u>\$ -</u>                  | <u>\$ -</u>                  | <u>\$ 1,177,479</u>      | <u>\$ 1,177,479</u>   |
| Net change in fund balances                               | <u>\$ (1,173,479)</u>        | <u>\$ (1,473,479)</u>        | <u>\$ (45,013)</u>       | <u>\$ 1,428,466</u>   |
| Fund balances - beginning                                 | -                            | -                            | 1,026,026                | 1,026,026   |
| Fund balances - ending                                    | <u><u>\$ (1,173,479)</u></u> | <u><u>\$ (1,473,479)</u></u> | <u><u>\$ 981,013</u></u> | <u><u>\$ 2,454,492</u></u>                                    |

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

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>         | <u>Variance with</u>  |
|---|-------------------------|-----------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u>        | <u>Final Budget -</u><br><u>Positive</u><br><u>(Negative)</u> |
| <b>REVENUES</b>   |                         |                       |                       |   |
| Other local taxes   | \$ 46,100               | \$ 46,100             | \$ -                  | \$ (46,100)   |
| Revenue from the use of money and property                | -                       | -                     | 91,291                | 91,291  |
| Charges for services                                      | -                       | -                     | (719)                 | (719)   |
| Intergovernmental revenues:                               |                         |                       |                       |   |
| Commonwealth  | 125,987                 | 125,987               | 126,396               | 409   |
| Total revenues  | <u>\$ 172,087</u>       | <u>\$ 172,087</u>     | <u>\$ 216,968</u>     | <u>\$ 44,881</u>  |
| <b>EXPENDITURES</b>                                       |                         |                       |                       |   |
| Capital projects  | \$ 1,646,100            | \$ 1,733,000          | \$ 1,691,653          | \$ 41,347   |
| Total expenditures  | <u>\$ 1,646,100</u>     | <u>\$ 1,733,000</u>   | <u>\$ 1,691,653</u>   | <u>\$ 41,347</u>  |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,474,013)</u>   | <u>\$ (1,560,913)</u> | <u>\$ (1,474,685)</u> | <u>\$ 86,228</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                       |                       |   |
| Transfers out   | \$ -                    | \$ -                  | \$ (21,162)           | \$ (21,162)   |
| Issuance of debt  | -                       | -                     | 400,000               | 400,000   |
| Total other financing sources and uses                    | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ 378,838</u>     | <u>\$ 378,838</u>   |
| Net change in fund balances                               | <u>\$ (1,474,013)</u>   | <u>\$ (1,560,913)</u> | <u>\$ (1,095,847)</u> | <u>\$ 465,066</u>   |
| Fund balances - beginning                                 | 1,474,013               | 1,560,913             | 1,211,715             | (349,198)   |
| Fund balances - ending                                    | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ 115,868</u>     | <u>\$ 115,868</u>   |

## County of Lunenburg, Virginia

## Fiduciary Funds

## Statement of Changes in Fiduciary Net Assets - Agency Funds

For the Year Ended June 30, 2008

---

|  | Balance<br>Beginning<br>of Year | Additions        | Deletions        | Balance<br>End of<br>Year |
|--|---------------------------------|------------------|------------------|---------------------------|
| <b>Special Welfare Fund:</b>             |                                 |                  |                  |                           |
| Assets:                                  |                                 |                  |                  |                           |
| Cash and cash equivalents                | \$ <u>2,345</u>                 | \$ <u>24,739</u> | \$ <u>29,414</u> | \$ <u>(2,330)</u>         |
| Liabilities:                             |                                 |                  |                  |                           |
| Amounts held for social services clients | \$ <u>2,345</u>                 | \$ <u>24,739</u> | \$ <u>29,414</u> | \$ <u>(2,330)</u>         |

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***DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD***

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

|                                      | <u>School<br/>Operating<br/>Fund</u> | <u>School<br/>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|--------------------------------------|--|---|
| <b>ASSETS</b>                        |                                      |  |   |
| Cash and cash equivalents            | \$ -                                 | \$ 427,902                                     | \$ 427,902                              |
| Due from other governmental units    | 539,048                              | -  | 539,048                                 |
| Total assets                         | <u>\$ 539,048</u>                    | <u>\$ 427,902</u>                              | <u>\$ 966,950</u>                       |
| <b>LIABILITIES AND FUND BALANCES</b> |                                      |  |   |
| Liabilities:                         |                                      |  |   |
| Accounts payable                     | \$ 59,161                            | \$ -   | \$ 59,161                               |
| Due to other governmental units      | 479,887                              | -  | 479,887                                 |
| Total liabilities                    | <u>\$ 539,048</u>                    | <u>\$ -</u>                                    | <u>\$ 539,048</u>                       |
| Fund balances:                       |                                      |  |   |
| Unreserved:                          |                                      |  |   |
| Undesignated                         | \$ -                                 | \$ 427,902                                     | \$ 427,902                              |
| Total fund balances                  | <u>\$ -</u>                          | <u>\$ 427,902</u>                              | <u>\$ 427,902</u>                       |
| Total liabilities and fund balances  | <u>\$ 539,048</u>                    | <u>\$ 427,902</u>                              | <u>\$ 966,950</u>                       |

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:

|                               |            |
|-------------------------------|------------|
| Total fund balances per above | \$ 427,902 |
|-------------------------------|------------|

|   |           |
|---|-----------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 3,276,819 |
|---|-----------|

|                                       |                     |
|---------------------------------------|---------------------|
| Net assets of governmental activities | <u>\$ 3,704,721</u> |
|---------------------------------------|---------------------|



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

|   | <b>School<br/>Operating<br/>Fund</b> | <b>School<br/>Special<br/>Revenue<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--------------------------------------|--|---|
| <b>REVENUES</b>   |                                      |  |   |
| Charges for services                                      | \$ 215,471                           | \$ 402,228                                     | \$ 617,699                              |
| Miscellaneous   | 150                                  | -  | 150                                     |
| Intergovernmental revenues:                               |                                      |  |   |
| Local government  | 3,169,379                            | -  | 3,169,379                               |
| Commonwealth  | 11,243,350                           | -  | 11,243,350                              |
| Federal   | 2,138,719                            | 63,647   | 2,202,366                               |
| Total revenues  | <u>\$ 16,767,069</u>                 | <u>\$ 465,875</u>                              | <u>\$ 17,232,944</u>                    |
| <b>EXPENDITURES</b>                                       |                                      |  |   |
| Current:  |                                      |  |   |
| Education   | \$ 16,227,393                        | \$ 907,733                                     | \$ 17,135,126                           |
| Total expenditures  | <u>\$ 16,227,393</u>                 | <u>\$ 907,733</u>                              | <u>\$ 17,135,126</u>                    |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 539,676</u>                    | <u>\$ (441,858)</u>                            | <u>\$ 97,818</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                                      |  |   |
| Transfers in  | \$ -                                 | \$ 539,676                                     | \$ 539,676                              |
| Transfers out   | (539,676)                            | -  | (539,676)                               |
| Total other financing sources and uses                    | <u>\$ (539,676)</u>                  | <u>\$ 539,676</u>                              | <u>\$ -</u>                             |
| Net change in fund balances                               | \$ -                                 | \$ 97,818                                      | \$ 97,818                               |
| Fund balances - beginning                                 | -                                    | 330,084  | 330,084                                 |
| Fund balances - ending                                    | <u>\$ -</u>                          | <u>\$ 427,902</u>                              | <u>\$ 427,902</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  | \$ 97,818         |
| 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. | 213,103           |
| 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.  | 54,897            |
| Change in net assets of governmental activities   | <u>\$ 365,818</u> |

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

|   | School Operating Fund |               |               |   | School Special Revenue Fund |              |              |   |
|---|-----------------------|---------------|---------------|---|-----------------------------|--------------|--------------|---|
|   | Budgeted Amounts      |               | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts            |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   | Original              | Final         |               |   | Original                    | Final        |              |   |
| <b>REVENUES</b>   |                       |               |               |   |                             |              |              |   |
| Revenue from the use of money and property                | \$ -                  | \$ -          | \$ -          | \$ -  | \$ -                        | \$ -         | \$ -         | \$ -  |
| Charges for services                                      | 114,651               | 168,411       | 215,471       | 47,060  | 283,084                     | 283,084      | 402,228      | 119,144   |
| Miscellaneous   | -                     | -             | 150           | 150   | -                           | -            | -            | -   |
| Intergovernmental revenues:                               |                       |               |               |   |                             |              |              |   |
| Local government  | 3,274,116             | 3,274,116     | 3,169,379     | (104,737)   | -                           | -            | -            | -   |
| Commonwealth  | 11,488,202            | 11,488,202    | 11,243,350    | (244,852)   | -                           | -            | -            | -   |
| Federal   | 1,759,356             | 2,120,589     | 2,138,719     | 18,130  | -                           | -            | 63,647       | 63,647  |
| Total revenues  | \$ 16,636,325         | \$ 17,051,318 | \$ 16,767,069 | \$ (284,249)  | \$ 283,084                  | \$ 283,084   | \$ 465,875   | \$ 182,791  |
| <b>EXPENDITURES</b>                                       |                       |               |               |   |                             |              |              |   |
| Current:  |                       |               |               |   |                             |              |              |   |
| Education   | \$ 16,054,243         | \$ 16,469,236 | \$ 16,227,393 | \$ 241,843  | \$ 865,166                  | \$ 937,418   | \$ 907,733   | \$ 29,685   |
| Total expenditures  | \$ 16,054,243         | \$ 16,469,236 | \$ 16,227,393 | \$ 241,843  | \$ 865,166                  | \$ 937,418   | \$ 907,733   | \$ 29,685   |
| Excess (deficiency) of revenues over (under) expenditures | \$ 582,082            | \$ 582,082    | \$ 539,676    | \$ (42,406)   | \$ (582,082)                | \$ (654,334) | \$ (441,858) | \$ 212,476  |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                       |               |               |   |                             |              |              |   |
| Transfers in  | \$ -                  | \$ -          | \$ -          | \$ -  | \$ 582,082                  | \$ 582,082   | \$ 539,676   | \$ (42,406)   |
| Transfers out   | (582,082)             | (582,082)     | (539,676)     | 42,406  | -                           | -            | -            | -   |
| Total other financing sources and uses                    | \$ (582,082)          | \$ (582,082)  | \$ (539,676)  | \$ 42,406   | \$ 582,082                  | \$ 582,082   | \$ 539,676   | \$ (42,406)   |
| Net change in fund balances                               | \$ -                  | \$ -          | \$ -          | \$ -  | \$ -                        | \$ (72,252)  | \$ 97,818    | \$ 170,070  |
| Fund balances - beginning                                 | -                     | -             | -             | -   | -                           | 72,252       | 330,084      | 257,832   |
| Fund balances - ending                                    | \$ -                  | \$ -          | \$ -          | \$ -  | \$ -                        | \$ -         | \$ 427,902   | \$ 427,902  |

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## *SUPPORTING SCHEDULES*

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

**Schedule 1**  
**Page 1 of 6**

| <u>Fund, Major and Minor Revenue Source</u>            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>General Fund:</b>                                   |                            |                         |                     |   |
| Revenue from local sources:                            |                            |                         |                     |   |
| General property taxes:                                |                            |                         |                     |   |
| Real property taxes                                    | \$ 2,751,300               | \$ 2,751,300            | \$ 2,829,571        | \$ 78,271   |
| Real and personal public service corporation taxes     | 160,000                    | 160,000                 | 121,807             | (38,193)  |
| Personal property taxes                                | 1,950,000                  | 1,950,000               | 2,085,753           | 135,753   |
| Penalties  | 80,000                     | 80,000                  | -                   | (80,000)  |
| Interest   | 5,000                      | 5,000                   | 3                   | (4,997)   |
| Total general property taxes                           | <u>\$ 4,946,300</u>        | <u>\$ 4,946,300</u>     | <u>\$ 5,037,134</u> | <u>\$ 90,834</u>  |
| Other local taxes:                                     |                            |                         |                     |   |
| Local sales and use taxes                              | \$ 219,909                 | \$ 219,909              | \$ 365,511          | \$ 145,602  |
| Gross Receipts   | 25,000                     | 25,000                  | 31,597              | 6,597   |
| Motor vehicle licenses                                 | 200,000                    | 200,000                 | 215,334             | 15,334  |
| Taxes on recordation and wills                         | 70,000                     | 70,000                  | 74,992              | 4,992   |
| Total other local taxes                                | <u>\$ 514,909</u>          | <u>\$ 514,909</u>       | <u>\$ 687,434</u>   | <u>\$ 172,525</u>   |
| Permits, privilege fees, and regulatory licenses:      |                            |                         |                     |   |
| Animal licenses  | \$ 12,200                  | \$ 12,200               | \$ 9,920            | \$ (2,280)  |
| Transfer fees  | 600                        | 600                     | 497                 | (103)   |
| Permits and other licenses                             | 40,000                     | 40,000                  | 26,584              | (13,416)  |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 52,800</u>           | <u>\$ 52,800</u>        | <u>\$ 37,001</u>    | <u>\$ (15,799)</u>  |
| Fines and forfeitures:                                 |                            |                         |                     |   |
| Court fines and forfeitures                            | \$ 25,300                  | \$ 25,300               | \$ 10,642           | \$ (14,658)   |
| Total fines and forfeitures                            | <u>\$ 25,300</u>           | <u>\$ 25,300</u>        | <u>\$ 10,642</u>    | <u>\$ (14,658)</u>  |
| Revenue from use of money and property:                |                            |                         |                     |   |
| Revenue from use of money                              | \$ 225,000                 | \$ 225,000              | \$ 172,500          | \$ (52,500)   |
| Revenue from use of property                           | 65,000                     | 65,000                  | 55,140              | (9,860)   |
| Total revenue from use of money and property           | <u>\$ 290,000</u>          | <u>\$ 290,000</u>       | <u>\$ 227,640</u>   | <u>\$ (62,360)</u>  |
| Charges for services:                                  |                            |                         |                     |   |
| Sheriff's fees   | \$ 647                     | \$ 647                  | \$ 646              | \$ (1)  |
| Law library fees                                       | 1,000                      | 1,000                   | 785                 | (215)   |
| Charges for Commonwealth's Attorney                    | 550                        | 550                     | 483                 | (67)  |
| Charges for correction and detention                   | -                          | -                       | 15,806              | 15,806  |
| Total charges for services                             | <u>\$ 2,197</u>            | <u>\$ 2,197</u>         | <u>\$ 17,720</u>    | <u>\$ 15,523</u>  |
| Miscellaneous revenue:                                 |                            |                         |                     |   |
| Miscellaneous  | \$ 35,000                  | \$ 35,000               | \$ 96,387           | \$ 61,387   |
| Total miscellaneous revenue                            | <u>\$ 35,000</u>           | <u>\$ 35,000</u>        | <u>\$ 96,387</u>    | <u>\$ 61,387</u>  |
| Recovered costs:                                       |                            |                         |                     |   |
| Piedmont Regional Jail                                 | \$ 23,027                  | \$ 23,027               | \$ 19,413           | \$ (3,614)  |
| Town of Victoria/Town of Kenbridge                     | 15,000                     | 15,000                  | 15,108              | 108   |
| Circuit court reimbursement                            | 27,000                     | 27,000                  | 19,268              | (7,732)   |
| School resource officer                                | 20,000                     | 20,000                  | 24,183              | 4,183   |
| Total recovered costs                                  | <u>\$ 85,027</u>           | <u>\$ 85,027</u>        | <u>\$ 77,972</u>    | <u>\$ (7,055)</u>   |
| Total revenue from local sources                       | <u>\$ 5,951,533</u>        | <u>\$ 5,951,533</u>     | <u>\$ 6,191,930</u> | <u>\$ 240,397</u>   |

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

**Schedule 1**  
**Page 2 of 6**

| <u>Fund, Major and Minor Revenue Source</u>  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>General Fund: (Continued)</b>             |                            |                         |                     |   |
| Revenue from the Commonwealth:               |                            |                         |                     |   |
| Noncategorical aid:                          |                            |                         |                     |   |
| Mobile home titling tax                      | \$ -                       | \$ -                    | \$ 43,095           | \$ 43,095   |
| Rolling stock tax                            | -                          | -                       | 5,037               | 5,037   |
| Recordation tax                              | -                          | -                       | 18,229              | 18,229  |
| Auto rental tax                              | -                          | -                       | 950                 | 950   |
| Personal property tax relief funds           | 1,048,232                  | 1,048,232               | 1,048,232           | -   |
| Total noncategorical aid                     | <u>\$ 1,048,232</u>        | <u>\$ 1,048,232</u>     | <u>\$ 1,115,543</u> | <u>\$ 67,311</u>  |
| Categorical aid:                             |                            |                         |                     |   |
| Shared expenses:                             |                            |                         |                     |   |
| Commonwealth's attorney                      | \$ 217,450                 | \$ 217,450              | \$ 172,480          | \$ (44,970)   |
| Sheriff                                      | 741,372                    | 741,372                 | 739,116             | (2,256)   |
| Commissioner of revenue                      | 90,200                     | 90,200                  | 90,188              | (12)  |
| Treasurer                                    | 102,214                    | 102,214                 | 97,305              | (4,909)   |
| Medical examiner                             | 300                        | 300                     | -                   | (300)   |
| Registrar/electoral board                    | 42,763                     | 42,763                  | 52,569              | 9,806   |
| Clerk of the Circuit Court                   | 197,467                    | 197,467                 | 188,150             | (9,317)   |
| Total shared expenses                        | <u>\$ 1,391,766</u>        | <u>\$ 1,391,766</u>     | <u>\$ 1,339,808</u> | <u>\$ (51,958)</u>  |
| Other categorical aid:                       |                            |                         |                     |   |
| Public assistance and welfare administration | \$ 327,330                 | \$ 327,330              | \$ 470,595          | \$ 143,265  |
| Byrne grant                                  | -                          | -                       | 14,756              | 14,756  |
| Local Law Enforcement Block Grant            | -                          | -                       | 1,754               | 1,754   |
| Emergency medical services                   | -                          | -                       | 18,641              | 18,641  |
| Victim-witness grant                         | 36,686                     | 36,686                  | 36,686              | -   |
| Fire programs fund                           | 35,000                     | 35,000                  | 26,219              | (8,781)   |
| AED Grant                                    | -                          | -                       | 67,090              | 67,090  |
| Total other categorical aid                  | <u>\$ 399,016</u>          | <u>\$ 399,016</u>       | <u>\$ 635,741</u>   | <u>\$ 236,725</u>   |
| Total categorical aid                        | <u>\$ 1,790,782</u>        | <u>\$ 1,790,782</u>     | <u>\$ 1,975,549</u> | <u>\$ 184,767</u>   |
| Total revenue from the Commonwealth          | <u>\$ 2,839,014</u>        | <u>\$ 2,839,014</u>     | <u>\$ 3,091,092</u> | <u>\$ 252,078</u>   |
| Revenue from the federal government:         |                            |                         |                     |   |
| Categorical aid:                             |                            |                         |                     |   |
| Public assistance and welfare administration | \$ 452,028                 | \$ 452,028              | \$ 650,889          | \$ 198,861  |
| Law enforcement block grant                  | -                          | -                       | 4,857               | 4,857   |
| Homeland security grant                      | -                          | -                       | 2,440               | 2,440   |
| Total categorical aid                        | <u>\$ 452,028</u>          | <u>\$ 452,028</u>       | <u>\$ 658,186</u>   | <u>\$ 206,158</u>   |
| Total revenue from the federal government    | <u>\$ 452,028</u>          | <u>\$ 452,028</u>       | <u>\$ 658,186</u>   | <u>\$ 206,158</u>   |
| Total General Fund                           | <u>\$ 9,242,575</u>        | <u>\$ 9,242,575</u>     | <u>\$ 9,941,208</u> | <u>\$ 698,633</u>   |

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

**Schedule 1**  
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| <u>Fund, Major and Minor Revenue Source</u>  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Special Revenue Fund:</b>                 |                            |                         |                     |   |
| <b>County Special Revenue Fund:</b>          |                            |                         |                     |   |
| Revenue from local sources:                  |                            |                         |                     |   |
| Other local taxes:                           |                            |                         |                     |   |
| E-911 taxes                                  | \$ 100,000                 | \$ 100,000              | \$ 236,808          | \$ 136,808  |
| Utility taxes                                | 295,000                    | 295,000                 | 180,233             | (114,767)   |
| Total other local taxes                      | <u>\$ 395,000</u>          | <u>\$ 395,000</u>       | <u>\$ 417,041</u>   | <u>\$ 22,041</u>  |
| Revenue from use of money and property:      |                            |                         |                     |   |
| Revenue from the use of money                | \$ 20,500                  | \$ 20,500               | \$ 26,842           | \$ 6,342  |
| Revenue from the use of property             | -                          | -                       | 3,450               | 3,450   |
| Total revenue from use of money and property | <u>\$ 20,500</u>           | <u>\$ 20,500</u>        | <u>\$ 30,292</u>    | <u>\$ 9,792</u>   |
| Charges for services:                        |                            |                         |                     |   |
| Landfill fees                                | \$ 100,000                 | \$ 100,000              | \$ 117,355          | \$ 17,355   |
| Environmental management                     | 69,400                     | 69,400                  | 10,837              | (58,563)  |
| Total charges for services                   | <u>\$ 169,400</u>          | <u>\$ 169,400</u>       | <u>\$ 128,192</u>   | <u>\$ (41,208)</u>  |
| Miscellaneous revenue:                       |                            |                         |                     |   |
| Miscellaneous                                | \$ 53,000                  | \$ 53,000               | \$ 411,036          | \$ 358,036  |
| Total miscellaneous revenue                  | <u>\$ 53,000</u>           | <u>\$ 53,000</u>        | <u>\$ 411,036</u>   | <u>\$ 358,036</u>   |
| Total revenue from local sources             | <u>\$ 637,900</u>          | <u>\$ 637,900</u>       | <u>\$ 986,561</u>   | <u>\$ 348,661</u>   |
| Revenue from the Commonwealth:               |                            |                         |                     |   |
| Categorical aid:                             |                            |                         |                     |   |
| Litter control grant                         | \$ 7,000                   | \$ 7,000                | \$ 7,647            | \$ 647  |
| Abandoned vehicles                           | -                          | -                       | 52,950              | 52,950  |
| Aviation fees                                | 34,836                     | 34,836                  | 19,778              | (15,058)  |
| Tobacco funds                                | 745,875                    | 745,875                 | 625,000             | (120,875)   |
| Forfeited assets                             | 41,517                     | 41,517                  | 1,220               | (40,297)  |
| Wireless grant                               | 52,000                     | 52,000                  | 47,607              | (4,393)   |
| Comprehensive Services Act program           | 412,500                    | 412,500                 | 525,115             | 112,615   |
| Total categorical aid                        | <u>\$ 1,293,728</u>        | <u>\$ 1,293,728</u>     | <u>\$ 1,279,317</u> | <u>\$ (14,411)</u>  |
| Total revenue from the Commonwealth          | <u>\$ 1,293,728</u>        | <u>\$ 1,293,728</u>     | <u>\$ 1,279,317</u> | <u>\$ (14,411)</u>  |
| Revenue from the federal government:         |                            |                         |                     |   |
| Categorical aid:                             |                            |                         |                     |   |
| Homeland security grant                      | \$ -                       | \$ -                    | \$ 11,627           | \$ 11,627   |
| Total categorical aid                        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 11,627</u>    | <u>\$ 11,627</u>  |
| Total revenue from the federal government    | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 11,627</u>    | <u>\$ 11,627</u>  |
| Total County Special Revenue Fund            | <u>\$ 1,931,628</u>        | <u>\$ 1,931,628</u>     | <u>\$ 2,277,505</u> | <u>\$ 345,877</u>   |
| <b>Debt Service Fund:</b>                    |                            |                         |                     |   |
| <b>County Debt Service Fund:</b>             |                            |                         |                     |   |
| Revenue from local sources:                  |                            |                         |                     |   |
| Revenue from use of money and property:      |                            |                         |                     |   |
| Revenue from the use of money                | \$ 24,000                  | \$ 24,000               | \$ 23,948           | \$ (52)   |
| Total revenue from use of money and property | <u>\$ 24,000</u>           | <u>\$ 24,000</u>        | <u>\$ 23,948</u>    | <u>\$ (52)</u>  |
| Total revenue from local sources             | <u>\$ 24,000</u>           | <u>\$ 24,000</u>        | <u>\$ 23,948</u>    | <u>\$ (52)</u>  |



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

**Schedule 1**  
**Page 4 of 6**

| <u>Fund, Major and Minor Revenue Source</u>  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>Debt Service Fund: (Continued)</b>        |                            |                         |               |   |
| <b>County Debt Service Fund: (Continued)</b> |                            |                         |               |   |
| Intergovernmental revenue:                   |                            |                         |               |   |
| Revenues from local governments:             |                            |                         |               |   |
| Contribution from Lunenburg School Board     | \$ -                       | \$ -                    | \$ 85,162     | \$ 85,162   |
| Total revenues from local governments        | \$ -                       | \$ -                    | \$ 85,162     | \$ 85,162   |
| Revenue from the Commonwealth:               |                            |                         |               |   |
| Categorical aid:                             |                            |                         |               |   |
| Lottery proceeds                             | \$ 278,838                 | \$ 278,838              | \$ 273,272    | \$ (5,566)  |
| Total categorical aid                        | \$ 278,838                 | \$ 278,838              | \$ 273,272    | \$ (5,566)  |
| Total revenue from the Commonwealth          | \$ 278,838                 | \$ 278,838              | \$ 273,272    | \$ 79,596   |
| Total County Debt Service Fund               | \$ 302,838                 | \$ 302,838              | \$ 382,382    | \$ 79,544   |
| <b>Capital Projects Fund:</b>                |                            |                         |               |   |
| <b>County Capital Projects Fund:</b>         |                            |                         |               |   |
| Revenue from local sources:                  |                            |                         |               |   |
| Other local taxes:                           |                            |                         |               |   |
| Payment in lieu of taxes-prison              | \$ 46,100                  | \$ 46,100               | \$ -          | \$ (46,100)   |
| Total other local taxes                      | \$ 46,100                  | \$ 46,100               | \$ -          | \$ (46,100)   |
| Revenue from use of money and property:      |                            |                         |               |   |
| Revenue from the use of money                | \$ -                       | \$ -                    | \$ 91,291     | \$ 91,291   |
| Total revenue from use of money and property | \$ -                       | \$ -                    | \$ 91,291     | \$ 91,291   |
| Charges for services:                        |                            |                         |               |   |
| Courthouse fees                              | \$ -                       | \$ -                    | \$ (719)      | \$ (719)  |
| Total charges for services                   | \$ -                       | \$ -                    | \$ (719)      | \$ (719)  |
| Total revenue from local sources             | \$ 46,100                  | \$ 46,100               | \$ 90,572     | \$ 44,472   |
| Revenue from the Commonwealth:               |                            |                         |               |   |
| Categorical aid:                             |                            |                         |               |   |
| School construction funds                    | \$ 125,987                 | \$ 125,987              | \$ 126,396    | \$ 409  |
| Total categorical aid                        | \$ 125,987                 | \$ 125,987              | \$ 126,396    | \$ 409  |
| Total revenue from the Commonwealth          | \$ 125,987                 | \$ 125,987              | \$ 126,396    | \$ 409  |
| Total County Capital Projects Fund           | \$ 172,087                 | \$ 172,087              | \$ 216,968    | \$ 44,881   |
| Total Primary Government                     | \$ 11,649,128              | \$ 11,649,128           | \$ 12,818,063 | \$ 1,168,935  |

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

Schedule 1  
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| <u>Fund, Major and Minor Revenue Source</u>                | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>Discretely Presented Component Unit - School Board:</b> |                            |                         |               |   |
| <b>Special Revenue Funds:</b>                              |                            |                         |               |   |
| <b>School Operating Fund:</b>                              |                            |                         |               |   |
| Revenue from local sources:                                |                            |                         |               |   |
| Charges for services:                                      |                            |                         |               |   |
| Charges for education                                      | \$ 114,651                 | \$ 168,411              | \$ 215,471    | \$ 47,060   |
| Miscellaneous revenue:                                     |                            |                         |               |   |
| Miscellaneous  | \$ -                       | \$ -                    | \$ 150        | \$ 150  |
| Total revenue from local sources                           | \$ 114,651                 | \$ 168,411              | \$ 215,621    | \$ 47,210   |
| Intergovernmental revenues:                                |                            |                         |               |   |
| Revenues from local governments:                           |                            |                         |               |   |
| Contribution from County of Lunenburg, Virginia            | \$ 3,274,116               | \$ 3,274,116            | \$ 3,169,379  | \$ (104,737)  |
| Total revenues from local governments                      | \$ 3,274,116               | \$ 3,274,116            | \$ 3,169,379  | \$ (104,737)  |
| Revenue from the Commonwealth:                             |                            |                         |               |   |
| Categorical aid:   |                            |                         |               |   |
| Share of state sales tax                                   | \$ 1,819,959               | \$ 1,819,959            | \$ 1,740,801  | \$ (79,158)   |
| Basic school aid   | 5,577,812                  | 5,577,812               | 5,437,877     | (139,935)   |
| Remedial summer education                                  | 49,984                     | 49,984                  | 45,611        | (4,373)   |
| Adult secondary education                                  | 2,754                      | 2,754                   | -             | (2,754)   |
| Gifted and talented  | 51,732                     | 51,732                  | 50,288        | (1,444)   |
| Remedial education   | 258,662                    | 258,662                 | 251,440       | (7,222)   |
| Enrollment loss  | 47,040                     | 47,040                  | 171,447       | 124,407   |
| Special education  | 983,497                    | 983,497                 | 914,031       | (69,466)  |
| Textbook payment   | 126,530                    | 126,530                 | 122,997       | (3,533)   |
| GED funding  | 7,859                      | 7,859                   | 7,859         | -   |
| Vocational education                                       | 257,786                    | 257,786                 | 248,043       | (9,743)   |
| School fringes   | 871,881                    | 871,881                 | 847,535       | (24,346)  |
| Educational Technology                                     | 154,000                    | 154,000                 | 154,000       | -   |
| Early reading intervention                                 | 25,046                     | 25,046                  | 27,133        | 2,087   |
| School food program  | 16,892                     | 16,892                  | 14,530        | (2,362)   |
| Salary supplement  | 403,765                    | 403,765                 | 396,171       | (7,594)   |
| Mentor teacher program                                     | -                          | -                       | 2,134         | 2,134   |
| At risk payments   | 479,725                    | 479,725                 | 470,642       | (9,083)   |
| Primary class size   | 286,495                    | 286,495                 | 286,783       | 288   |
| Standards of Learning algebra readiness                    | 27,846                     | 27,846                  | 27,744        | (102)   |

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

**Schedule 1**  
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| <u>Fund, Major and Minor Revenue Source</u>                            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>Discretely Presented Component Unit - School Board: (Continued)</b> |                            |                         |               |   |
| <b>Special Revenue Funds: (Continued)</b>                              |                            |                         |               |   |
| <b>School Operating Fund: (Continued)</b>                              |                            |                         |               |   |
| Revenue from the Commonwealth: (Continued)                             |                            |                         |               |   |
| Categorical aid: (Continued)   |                            |                         |               |   |
| English as a second language   | \$ 38,937                  | \$ 38,937               | \$ 24,547     | \$ (14,390)   |
| Other state funds  | -                          | -                       | 1,737         | 1,737   |
| Total categorical aid  | \$ 11,488,202              | \$ 11,488,202           | \$ 11,243,350 | \$ (244,852)  |
| Total revenue from the Commonwealth                                    | \$ 11,488,202              | \$ 11,488,202           | \$ 11,243,350 | \$ (244,852)  |
| Revenue from the federal government:                                   |                            |                         |               |   |
| Categorical aid:   |                            |                         |               |   |
| School food program  | \$ 534,612                 | \$ 534,612              | \$ 525,146    | \$ (9,466)  |
| Title I  | 550,651                    | 638,601                 | 589,143       | (49,458)  |
| Drug free schools  | 10,269                     | 10,269                  | 10,389        | 120   |
| Title V  | 4,507                      | 4,507                   | 4,437         | (70)  |
| Title VIB  | 435,845                    | 435,845                 | 431,897       | (3,948)   |
| Preschool grant  | 14,485                     | 14,485                  | 12,375        | (2,110)   |
| AP exams   | -                          | -                       | 638           | 638   |
| Title II-teacher quality   | 150,494                    | 150,494                 | 103,005       | (47,489)  |
| Title II-Part D  | 5,190                      | 5,190                   | 19,526        | 14,336  |
| Comprehensive school reform  | -                          | 273,283                 | 387,123       | 113,840   |
| Carl Perkins Grant   | 53,303                     | 53,303                  | 55,040        | 1,737   |
| Total categorical aid  | \$ 1,759,356               | \$ 2,120,589            | \$ 2,138,719  | \$ 18,130   |
| Total revenue from the federal government                              | \$ 1,759,356               | \$ 2,120,589            | \$ 2,138,719  | \$ 18,130   |
| Total School Operating Fund  | \$ 16,636,325              | \$ 17,051,318           | \$ 16,767,069 | \$ (284,249)  |
| <b>School Special Revenue Fund:</b>                                    |                            |                         |               |   |
| Revenue from local sources:  |                            |                         |               |   |
| Charges for services:  |                            |                         |               |   |
| Cafeteria sales  | \$ 283,084                 | \$ 283,084              | \$ 271,827    | \$ (11,257)   |
| Textbook fees  | -                          | -                       | 130,401       | 130,401   |
| Total charges for services   | \$ 283,084                 | \$ 283,084              | \$ 402,228    | \$ 119,144  |
| Total revenue from local sources                                       | \$ 283,084                 | \$ 283,084              | \$ 402,228    | \$ 119,144  |
| Revenue from the federal government:                                   |                            |                         |               |   |
| Categorical aid:   |                            |                         |               |   |
| Commodities  | \$ -                       | \$ -                    | \$ 63,647     | \$ 63,647   |
| Total categorical aid  | \$ -                       | \$ -                    | \$ 63,647     | \$ 63,647   |
| Total revenue from the federal government                              | \$ -                       | \$ -                    | \$ 63,647     | \$ 63,647   |
| Total School Special Revenue Fund                                      | \$ 283,084                 | \$ 283,084              | \$ 465,875    | \$ 182,791  |
| Total Discretely Presented Component Unit - School Board               | \$ 16,919,409              | \$ 17,334,402           | \$ 17,232,944 | \$ (101,458)  |

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

**Schedule 2**  
**Page 1 of 4**

| <u>Fund, Function, Activity and Element</u> | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| <b>General Fund:</b>                        |                            |                         |               |   |
| General government administration:          |                            |                         |               |   |
| Legislative:                                |                            |                         |               |   |
| Board of supervisors                        | \$ 51,770                  | \$ 51,770               | \$ 48,224     | \$ 3,546  |
| General and financial administration:       |                            |                         |               |   |
| County administrator                        | \$ 213,665                 | \$ 213,665              | \$ 210,748    | \$ 2,917  |
| Professional services                       | 81,000                     | 84,560                  | 85,213        | (653)   |
| Commissioner of revenue                     | 204,160                    | 323,760                 | 298,035       | 25,725  |
| Treasurer                                   | 239,762                    | 239,762                 | 235,553       | 4,209   |
| Other general and financial administration  | 207,486                    | 131,536                 | 89,589        | 41,947  |
| Total general and financial administration  | \$ 946,073                 | \$ 993,283              | \$ 919,138    | \$ 74,145   |
| Board of elections:                         |                            |                         |               |   |
| Electoral board and officials               | \$ 28,348                  | \$ 28,805               | \$ 28,805     | \$ -  |
| Registrar                                   | 64,903                     | 64,903                  | 64,486        | 417   |
| Total board of elections                    | \$ 93,251                  | \$ 93,708               | \$ 93,291     | \$ 417  |
| Total general government administration     | \$ 1,091,094               | \$ 1,138,761            | \$ 1,060,653  | \$ 78,108   |
| Judicial administration:                    |                            |                         |               |   |
| Courts:                                     |                            |                         |               |   |
| Circuit court                               | \$ 35,463                  | \$ 55,809               | \$ 32,662     | \$ 23,147   |
| General district court                      | 4,250                      | 5,496                   | 5,495         | 1   |
| Special Magistrates                         | 3,850                      | 4,193                   | 4,192         | 1   |
| Juvenile and domestic relations court       | 64,250                     | 64,250                  | 33,686        | 30,564  |
| Victim witness                              | 36,686                     | 36,686                  | 36,528        | 158   |
| Commissioner of accounts                    | 500                        | 500                     | -             | 500   |
| Youth and family services                   | 300                        | 300                     | -             | 300   |
| Clerk of the circuit court                  | 227,589                    | 227,589                 | 219,423       | 8,166   |
| Total courts                                | \$ 372,888                 | \$ 394,823              | \$ 331,986    | \$ 62,837   |
| Commonwealth's attorney:                    |                            |                         |               |   |
| Commonwealth's attorney                     | \$ 253,546                 | \$ 253,546              | \$ 203,893    | \$ 49,653   |
| Total commonwealth's attorney               | \$ 253,546                 | \$ 253,546              | \$ 203,893    | \$ 49,653   |
| Total judicial administration               | \$ 626,434                 | \$ 648,369              | \$ 535,879    | \$ 112,490  |
| Public safety:                              |                            |                         |               |   |
| Law enforcement and traffic control:        |                            |                         |               |   |
| Sheriff                                     | \$ 1,041,941               | \$ 1,104,324            | \$ 1,105,227  | \$ (903)  |
| Total law enforcement and traffic control   | \$ 1,041,941               | \$ 1,104,324            | \$ 1,105,227  | \$ (903)  |
| Fire and rescue services:                   |                            |                         |               |   |
| Fire department                             | \$ 196,655                 | \$ 196,655              | \$ 180,691    | \$ 15,964   |
| Total fire and rescue services              | \$ 196,655                 | \$ 196,655              | \$ 180,691    | \$ 15,964   |
| Correction and detention:                   |                            |                         |               |   |
| Payments to Regional Jail                   | \$ 21,000                  | \$ 34,253               | \$ 31,134     | \$ 3,119  |
| Total correction and detention              | \$ 21,000                  | \$ 34,253               | \$ 31,134     | \$ 3,119  |
| Inspections:                                |                            |                         |               |   |
| Building                                    | \$ 78,468                  | \$ 78,468               | \$ 77,464     | \$ 1,004  |
| Total inspections                           | \$ 78,468                  | \$ 78,468               | \$ 77,464     | \$ 1,004  |

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

**Schedule 2**  
**Page 2 of 4**

| <u>Fund, Function, Activity and Element</u>        | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>General Fund: (Continued)</b>                   |                            |                         |               |   |
| Public safety: (Continued)                         |                            |                         |               |   |
| Other protection:                                  |                            |                         |               |   |
| Animal control                                     | \$ 59,726                  | \$ 64,941               | \$ 65,619     | \$ (678)  |
| Total other protection                             | \$ 59,726                  | \$ 64,941               | \$ 65,619     | \$ (678)  |
| Total public safety                                | \$ 1,397,790               | \$ 1,478,641            | \$ 1,460,135  | \$ 18,506   |
| Public works:                                      |                            |                         |               |   |
| Maintenance of general buildings and grounds:      |                            |                         |               |   |
| General properties                                 | \$ 226,155                 | \$ 226,155              | \$ 208,266    | \$ 17,889   |
| Total maintenance of general buildings and grounds | \$ 226,155                 | \$ 226,155              | \$ 208,266    | \$ 17,889   |
| Total public works                                 | \$ 226,155                 | \$ 226,155              | \$ 208,266    | \$ 17,889   |
| Health and welfare:                                |                            |                         |               |   |
| Health:  |                            |                         |               |   |
| Supplement of local health department              | \$ 191,888                 | \$ 191,888              | \$ 189,071    | \$ 2,817  |
| Total health                                       | \$ 191,888                 | \$ 191,888              | \$ 189,071    | \$ 2,817  |
| Welfare:   |                            |                         |               |   |
| Public assistance and welfare administration       | \$ 1,069,358               | \$ 1,069,358            | \$ 1,288,283  | \$ (218,925)  |
| Total welfare                                      | \$ 1,069,358               | \$ 1,069,358            | \$ 1,288,283  | \$ (218,925)  |
| Total health and welfare                           | \$ 1,261,246               | \$ 1,261,246            | \$ 1,477,354  | \$ (216,108)  |
| Education:   |                            |                         |               |   |
| Other instructional costs:                         |                            |                         |               |   |
| Contribution to County School Board                | \$ 3,274,116               | \$ 3,274,116            | \$ 3,169,379  | \$ 104,737  |
| Total education                                    | \$ 3,274,116               | \$ 3,274,116            | \$ 3,169,379  | \$ 104,737  |
| Community development:                             |                            |                         |               |   |
| Planning and community development:                |                            |                         |               |   |
| Planning and zoning                                | \$ 241,570                 | \$ 241,570              | \$ 218,134    | \$ 23,436   |
| Economic development                               | 168,799                    | 159,097                 | 111,197       | 47,900  |
| Total planning and community development           | \$ 410,369                 | \$ 400,667              | \$ 329,331    | \$ 71,336   |
| Cooperative extension program:                     |                            |                         |               |   |
| Extension office                                   | \$ 76,033                  | \$ 76,033               | \$ 64,961     | \$ 11,072   |
| Total cooperative extension program                | \$ 76,033                  | \$ 76,033               | \$ 64,961     | \$ 11,072   |
| Total community development                        | \$ 486,402                 | \$ 476,700              | \$ 394,292    | \$ 82,408   |
| Capital projects:                                  |                            |                         |               |   |
| Capital improvements                               | \$ 126,000                 | \$ 115,179              | \$ 102,506    | \$ 12,673   |
| Long term capital equipment-fire and rescue        | 100,000                    | 100,000                 | 90,068        | 9,932   |
| Total capital projects                             | \$ 226,000                 | \$ 215,179              | \$ 192,574    | \$ 22,605   |
| Total General Fund                                 | \$ 8,589,237               | \$ 8,719,167            | \$ 8,498,532  | \$ 220,635  |

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

**Schedule 2**  
**Page 3 of 4**

| <u>Fund, Function, Activity and Element</u> | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| <b>Special Revenue Fund:</b>                |                            |                         |               |   |
| <b>County Special Revenue Fund:</b>         |                            |                         |               |   |
| General Government Administration:          |                            |                         |               |   |
| Voting machine                              | \$ 5,000                   | \$ 5,000                | \$ 1,276      | \$ 3,724  |
| Total general government administration     | \$ 5,000                   | \$ 5,000                | \$ 1,276      | \$ 3,724  |
| Public Safety:                              |                            |                         |               |   |
| Sheriff:                                    |                            |                         |               |   |
| E-911 system                                | \$ 154,500                 | \$ 154,500              | \$ 133,941    | \$ 20,559   |
| Asset forfeiture                            | 10,000                     | 41,517                  | 5,314         | 36,203  |
| Total Sheriff                               | \$ 164,500                 | \$ 196,017              | \$ 139,255    | \$ 56,762   |
| Total public safety                         | \$ 164,500                 | \$ 196,017              | \$ 139,255    | \$ 56,762   |
| Public Works:                               |                            |                         |               |   |
| Sanitation and waste removal:               |                            |                         |               |   |
| Refuse collection                           | \$ 664,379                 | \$ 664,379              | \$ 620,080    | \$ 44,299   |
| Convenience sites                           | 104,000                    | 104,000                 | 199,381       | (95,381)  |
| Refuse disposal                             | 68,000                     | 68,000                  | -             | 68,000  |
| Total public works                          | \$ 836,379                 | \$ 836,379              | \$ 819,461    | \$ 16,918   |
| Health and welfare:                         |                            |                         |               |   |
| Welfare and social services:                |                            |                         |               |   |
| Comprehensive services                      | \$ 482,500                 | \$ 482,500              | \$ 684,400    | \$ (201,900)  |
| Total welfare and social services           | \$ 482,500                 | \$ 482,500              | \$ 684,400    | \$ (201,900)  |
| Total health and welfare                    | \$ 482,500                 | \$ 482,500              | \$ 684,400    | \$ (201,900)  |
| Community Development:                      |                            |                         |               |   |
| Airport Commission                          | \$ 20,000                  | \$ 51,836               | \$ 45,929     | \$ 5,907  |
| Tobacco grant                               | 550,000                    | 1,120,000               | 718,482       | 401,518   |
| Total community development                 | \$ 570,000                 | \$ 1,171,836            | \$ 764,411    | \$ 407,425  |
| Debt Service:                               |                            |                         |               |   |
| Principal retirement                        | \$ -                       | \$ -                    | \$ 70,791     | \$ (70,791)   |
| Interest and fiscal charges                 | -                          | -                       | 2,653         | (2,653)   |
| Total debt service                          | \$ -                       | \$ -                    | \$ 73,444     | \$ (73,444)   |
| Total County Special Revenue Fund           | \$ 2,058,379               | \$ 2,691,732            | \$ 2,482,247  | \$ 209,485  |
| <b>Debt Service Fund:</b>                   |                            |                         |               |   |
| <b>County Debt Service Fund:</b>            |                            |                         |               |   |
| Debt service:                               |                            |                         |               |   |
| Principal retirement                        | \$ 831,385                 | \$ 831,385              | \$ 831,385    | \$ -  |
| Interest and other fiscal charges           | 644,932                    | 944,932                 | 773,489       | 171,443   |
| Total debt service                          | \$ 1,476,317               | \$ 1,776,317            | \$ 1,604,874  | \$ 171,443  |
| Total County Debt Service Fund              | \$ 1,476,317               | \$ 1,776,317            | \$ 1,604,874  | \$ 171,443  |

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

Schedule 2  
Page 4 of 4

| <u>Fund, Function, Activity and Element</u>               | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| <b>Capital Projects Fund:</b>                             |                            |                         |                      |   |
| <b>County Capital Projects Fund:</b>                      |                            |                         |                      |   |
| Capital projects expenditures:                            |                            |                         |                      |   |
| County courthouse   | \$ 1,547,334               | \$ 1,627,103            | \$ 1,588,283         | \$ 38,820   |
| School paving projects                                    | 98,766                     | 105,897                 | 103,370              | 2,527   |
| Total capital projects                                    | <u>\$ 1,646,100</u>        | <u>\$ 1,733,000</u>     | <u>\$ 1,691,653</u>  | <u>\$ 41,347</u>  |
| Total County Capital Projects Fund                        | <u>\$ 1,646,100</u>        | <u>\$ 1,733,000</u>     | <u>\$ 1,691,653</u>  | <u>\$ 41,347</u>  |
| Total Primary Government                                  | <u>\$ 13,770,033</u>       | <u>\$ 14,920,216</u>    | <u>\$ 14,277,306</u> | <u>\$ 642,910</u>   |
| <b>Discretely Presented Component Unit - School Board</b> |                            |                         |                      |   |
| <b>Special Revenue Funds:</b>                             |                            |                         |                      |   |
| <b>School Operating Fund:</b>                             |                            |                         |                      |   |
| Education:  |                            |                         |                      |   |
| Administration, health, and attendance                    | \$ 853,026                 | \$ 803,026              | \$ 731,374           | \$ 71,652   |
| Instruction costs   | 12,241,062                 | 12,556,055              | 12,403,617           | 152,438   |
| Pupil transportation                                      | 1,306,813                  | 1,356,813               | 1,355,155            | 1,658   |
| Operation and maintenance of school plant                 | 1,653,342                  | 1,753,342               | 1,652,085            | 101,257   |
| Contribution to County Debt Service Fund                  | -                          | -                       | 85,162               | (85,162)  |
| Other operating costs                                     | -                          | -                       | -                    | -   |
| Total education   | <u>\$ 16,054,243</u>       | <u>\$ 16,469,236</u>    | <u>\$ 16,227,393</u> | <u>\$ 241,843</u>   |
| Total School Operating Fund                               | <u>\$ 16,054,243</u>       | <u>\$ 16,469,236</u>    | <u>\$ 16,227,393</u> | <u>\$ 241,843</u>   |
| <b>School Special Revenue Fund:</b>                       |                            |                         |                      |   |
| Education:  |                            |                         |                      |   |
| Textbooks purchased                                       | \$ -                       | \$ 72,252               | \$ 22,794            | \$ 49,458   |
| Administration of school food program                     | 865,166                    | 865,166                 | 821,292              | 43,874  |
| Commodities   | -                          | -                       | 63,647               | (63,647)  |
| Total school food services                                | <u>\$ 865,166</u>          | <u>\$ 937,418</u>       | <u>\$ 907,733</u>    | <u>\$ 29,685</u>  |
| Total education   | <u>\$ 865,166</u>          | <u>\$ 937,418</u>       | <u>\$ 907,733</u>    | <u>\$ 29,685</u>  |
| Total School Special Revenue Fund                         | <u>\$ 865,166</u>          | <u>\$ 937,418</u>       | <u>\$ 907,733</u>    | <u>\$ 29,685</u>  |
| Total Discretely Presented Component Unit - School Board  | <u>\$ 16,919,409</u>       | <u>\$ 17,406,654</u>    | <u>\$ 17,135,126</u> | <u>\$ 271,528</u>   |

## *OTHER STATISTICAL INFORMATION*



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Table 1

**County of Lunenburg, Virginia  
Government-Wide Expenses by Function  
Last Ten 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 | Total         |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|--------------|---------------------------------|-----------------------|----------------------------|---------------|
| 2003        | \$ 1,118,388                      | \$ 433,754              | \$ 1,243,903  | \$ 654,717   | \$ 4,586,753       | \$ 4,271,854 | \$ -                            | \$ 425,454            | \$ 207,527                 | \$ 12,942,350 |
| 2004        | 856,745                           | 477,155                 | 1,333,319     | 850,686      | 4,330,538          | 515,230      | -                               | 426,708               | 667,045                    | 9,457,426     |
| 2005        | 821,357                           | 301,582                 | 1,402,678     | 643,099      | 1,678,087          | 5,099,231    | -                               | 229,148               | 897,251                    | 11,072,433    |
| 2006        | 872,726                           | 552,728                 | 1,539,548     | 691,477      | 1,424,581          | 5,193,378    | -                               | 717,798               | 1,115,450                  | 12,107,686    |
| 2007        | 1,047,248                         | 749,998                 | 1,548,950     | 57,215       | 1,629,418          | 3,762,143    | 138,242                         | 486,207               | 815,530                    | 10,234,951    |
| 2008        | 1,267,311                         | 788,780                 | 1,589,530     | 1,066,336    | 2,139,340          | 3,722,611    | -                               | 1,178,275             | 743,397                    | 12,495,580    |

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

Table 2

**County of Lunenburg, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years (1)**

| Fiscal<br>Year | PROGRAM REVENUES           |   |   | GENERAL REVENUES             |                         |  |               |  |               | Total |
|----------------|----------------------------|---|---|------------------------------|-------------------------|--|---------------|--|---------------|-------|
|                | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions | General<br>Property<br>Taxes | Other<br>Local<br>Taxes | Unrestricted<br>Investment<br>Earnings | Miscellaneous | Grants and<br>Contributions<br>Not Restricted<br>to Specific<br>Programs |               |       |
| 2003           | \$ 173,436                 | \$ 5,405,744                                | \$ 83,606                                 | \$ 3,612,986                 | \$ 961,145              | \$ 558,334                             | \$ 50,707     | \$ 1,087,262   | \$ 11,933,220 |       |
| 2004           | 275,220                    | 6,001,724                                   | -   | 3,762,956                    | 1,001,498               | 321,493                                | 187,169       | 1,193,145  | 12,743,205    |       |
| 2005           | 205,685                    | 2,483,908                                   | -   | 3,925,402                    | 1,068,937               | 298,052                                | 91,906        | 1,495,288  | 9,569,178     |       |
| 2006           | 229,564                    | 2,984,437                                   | 126,231                                   | 4,148,559                    | 1,021,693               | 531,082                                | 144,720       | 2,613,337  | 11,799,623    |       |
| 2007           | 177,896                    | 3,488,400                                   | 126,669                                   | 4,930,611                    | 1,135,295               | 563,960                                | 533,121       | 1,153,669  | 12,109,621    |       |
| 2008           | 192,836                    | 4,197,951                                   | 126,396                                   | 5,141,240                    | 1,104,475               | 373,171                                | 507,423       | 1,115,543  | 12,759,035    |       |

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

Table 3

**County of Lunenburg, Virginia**  
**General Governmental Expenditures by Function (1,3)**  
**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        | \$ 629,641                        | \$ 400,785              | \$ 1,045,625  | \$ 530,824   | \$ 1,204,836       | \$ 12,584,523 | \$ -                            | \$ 301,697            | \$ 603,779   | \$ 17,301,710 |
| 2000        | 726,427                           | 418,726                 | 1,064,229     | 441,041      | 1,153,848          | 13,214,418    | -                               | 1,107,913             | 567,031      | 18,693,633    |
| 2001        | 907,175                           | 556,638                 | 1,073,476     | 487,934      | 1,512,847          | 13,961,901    | -                               | 581,328               | 555,271      | 19,636,570    |
| 2002        | 941,333                           | 489,769                 | 1,130,695     | 532,599      | 1,518,882          | 13,758,868    | -                               | 349,488               | 538,108      | 19,259,742    |
| 2003        | 1,068,697                         | 467,781                 | 1,124,023     | 976,323      | 4,742,841          | 13,949,722    | -                               | 427,053               | 450,687      | 23,207,127    |
| 2004        | 806,869                           | 516,912                 | 1,324,524     | 575,132      | 4,656,079          | 14,089,461    | -                               | 411,214               | 876,869      | 23,257,060    |
| 2005        | 819,600                           | 501,053                 | 1,443,311     | 642,081      | 1,713,322          | 15,514,113    | 133,242                         | 232,576               | 1,065,081    | 22,064,379    |
| 2006        | 863,887                           | 551,471                 | 1,427,408     | 744,635      | 1,432,282          | 16,567,203    | -                               | 700,643               | 1,421,129    | 23,708,658    |
| 2007        | 997,795                           | 606,384                 | 1,654,741     | 756,233      | 1,616,950          | 17,269,676    | 138,242                         | 469,824               | 1,711,642    | 25,221,487    |
| 2008        | 1,061,929                         | 535,879                 | 1,599,390     | 1,027,727    | 2,161,754          | 17,049,964    | -                               | 1,158,703             | 1,678,318    | 26,273,664    |

(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.

(3) Excludes Capital Projects.

Table 4

**County of Lunenburg, Virginia**  
**General Governmental Revenues by Source (1,3)**  
**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        | \$ 4,067,307           | \$ 864,227        | \$ 48,947                                    | \$ 9,978              | \$ 369,876                                 | \$ 444,006           | \$ 30,495     | \$ 72,503       | \$ 12,317,875          | \$ 18,225,214 |
| 2000        | 3,833,365              | 885,497           | 41,705                                       | 10,446                | 481,494                                    | 496,027              | 98,679        | 62,983          | 13,020,275             | 18,930,471    |
| 2001        | 3,821,289              | 915,981           | 38,461                                       | 10,818                | 465,410                                    | 458,386              | 49,312        | 277,232         | 13,755,865             | 19,792,754    |
| 2002        | 3,536,256              | 895,023           | 47,998                                       | 9,559                 | 311,129                                    | 472,034              | 126,730       | 420,493         | 14,149,062             | 19,968,284    |
| 2003        | 3,604,032              | 916,869           | 40,795                                       | 11,529                | 193,058                                    | 436,528              | 40,556        | 312,828         | 16,988,363             | 22,544,558    |
| 2004        | 3,739,096              | 948,964           | 50,904                                       | 5,686                 | 252,810                                    | 553,807              | 187,169       | 406,813         | 18,162,589             | 24,307,838    |
| 2005        | 4,210,219              | 1,026,258         | 44,038                                       | 4,993                 | 190,128                                    | 698,101              | 91,906        | 133,292         | 15,115,748             | 21,514,683    |
| 2006        | 4,320,849              | 1,021,693         | 45,875                                       | 10,885                | 531,082                                    | 690,619              | 144,720       | 101,053         | 18,132,238             | 24,999,014    |
| 2007        | 4,802,442              | 1,089,242         | 43,599                                       | 10,135                | 406,627                                    | 683,611              | 33,121        | 120,700         | 18,431,238             | 25,620,715    |
| 2008        | 5,037,134              | 1,104,475         | 37,001                                       | 10,642                | 281,880                                    | 763,611              | 507,573       | 77,972          | 18,885,606             | 26,705,894    |

(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.

(3) Excludes Capital Projects.

Table 5

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

| Fiscal Year | Total Tax Levy (1,3) | Current Tax Collections (1,3) | Percent of Levy Collected | Delinquent Tax Collections (1) | Total Tax Collections | Percent of Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes (1,2) | Percent of Delinquent Taxes to Tax Levy |
|-------------|----------------------|-------------------------------|---------------------------|--------------------------------|-----------------------|--|------------------------------------|---|
| 1999        | \$ 4,095,012         | \$ 3,929,656                  | 95.96%                    | \$ 71,898                      | \$ 4,001,554          | 97.72%                                       | \$ 384,098                         | 9.38%                                   |
| 2000        | 4,237,946            | 4,010,210                     | 94.63%                    | 102,996                        | 4,113,206             | 97.06%                                       | 447,516                            | 10.56%                                  |
| 2001        | 4,566,953            | 4,336,114                     | 94.95%                    | 88,910                         | 4,425,024             | 96.89%                                       | 560,605                            | 12.28%                                  |
| 2002        | 4,656,326            | 4,430,951                     | 95.16%                    | 98,655                         | 4,529,606             | 97.28%                                       | 585,349                            | 12.57%                                  |
| 2003        | 4,708,633            | 4,379,576                     | 93.01%                    | 126,486                        | 4,506,062             | 95.70%                                       | 654,304                            | 13.90%                                  |
| 2004        | 4,918,609            | 4,622,055                     | 93.97%                    | 127,219                        | 4,749,274             | 96.56%                                       | 633,455                            | 12.88%                                  |
| 2005        | 5,189,115            | 4,852,095                     | 93.51%                    | 293,097                        | 5,145,192             | 99.15%                                       | 533,038                            | 10.27%                                  |
| 2006        | 5,441,786            | 5,229,548                     | 96.10%                    | 147,596                        | 5,377,144             | 98.81%                                       | 452,639                            | 8.32%                                   |
| 2007        | 5,742,724            | 5,717,372                     | 99.56%                    | 161,591                        | 5,878,963             | 102.37%                                      | 421,739                            | 7.34%                                   |
| 2008        | 5,008,531            | 4,787,234                     | 95.58%                    | 118,147                        | 4,905,381             | 97.94%                                       | 361,653                            | 7.22%                                   |

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Table 6

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

| Last Four Years |                    |             |   |                           |                       |                    |                      |           |    |            |    |        |    |             |
|-----------------|--------------------|-------------|---|---------------------------|-----------------------|--------------------|----------------------|-----------|----|------------|----|--------|----|-------------|
| Fiscal<br>Year  | Real<br>Estate (1) |             | Personal<br>Property<br>and Mobile<br>Homes | Machinery<br>and<br>Tools | Merchant's<br>Capital | Public Utility (2) |                      | Total     |    |            |    |        |    |             |
|                 |                    |             |   |                           |                       | Real<br>Estate     | Personal<br>Property |           |    |            |    |        |    |             |
| 1999            | \$                 | 381,411,446 | \$  | 50,125,687                | \$                    | 11,148,985         | \$                   | 2,022,000 | \$ | 27,851,175 | \$ | 13,319 | \$ | 472,572,612 |
| 2000            |                    | 382,190,682 |   | 59,353,398                |                       | 10,792,435         |                      | 2,093,211 |    | 31,658,126 |    | 9,810  |    | 486,097,662 |
| 2001            |                    | 388,823,830 |   | 65,994,102                |                       | 14,328,537         |                      | 2,013,229 |    | 30,326,085 |    | 10,990 |    | 501,496,773 |
| 2002            |                    | 395,476,174 |   | 69,169,459                |                       | 14,657,470         |                      | 2,195,780 |    | 27,276,892 |    | 9,517  |    | 508,785,292 |
| 2003            |                    | 403,822,562 |   | 68,676,566                |                       | 15,185,780         |                      | 4,448,910 |    | 27,578,798 |    | -      |    | 519,712,616 |
| 2004            |                    | 410,718,368 |   | 73,298,813                |                       | 14,726,550         |                      | 3,155,910 |    | 26,913,753 |    | -      |    | 528,813,394 |
| 2005            |                    | 555,524,533 |   | 72,186,971                |                       | 16,474,960         |                      | 3,842,560 |    | 31,591,620 |    | -      |    | 679,620,644 |
| 2006            |                    | 561,941,100 |   | 79,390,477                |                       | 17,569,810         |                      | 4,181,950 |    | 30,228,596 |    | -      |    | 693,311,933 |
| 2007            |                    | 575,891,527 |   | 91,503,605                |                       | 8,434,150          |                      | 5,477,320 |    | 26,527,334 |    | -      |    | 707,833,936 |
| 2008            |                    | 588,071,913 |   | 92,209,376                |                       | 9,725,364          |                      | 5,572,380 |    | 26,479,654 |    | -      |    | 722,058,687 |

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

**Table 7**

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

| Fiscal<br>Year | Real Estate |      | Personal<br>Property | Machinery<br>and<br>Tools |    | Merchant's<br>Capital |         |
|----------------|-------------|------|----------------------|---------------------------|----|-----------------------|---------|
| 1999           | \$          | 0.50 | \$                   | 3.50                      | \$ | 2.10                  | \$ 1.20 |
| 2000           |             | 0.50 |                      | 3.50                      |    | 2.10                  | 1.20    |
| 2001           |             | 0.50 |                      | 3.50                      |    | 2.10                  | 1.20    |
| 2002           |             | 0.50 |                      | 3.50                      |    | 1.80                  | 1.20    |
| 2003           |             | 0.50 |                      | 3.50                      |    | 1.80                  | 1.20    |
| 2004           |             | 0.50 |                      | 3.50                      |    | 1.80                  | 1.20    |
| 2005           |             | 0.42 |                      | 3.50                      |    | 1.80                  | 1.20    |
| 2006           |             | 0.42 |                      | 3.50                      |    | 1.80                  | 1.20    |
| 2007           |             | 0.44 |                      | 3.50                      |    | 1.80                  | 1.20    |
| 2008           |             | 0.46 |                      | 3.60                      |    | 1.80                  | 1.20    |

(1) Per \$100 of assessed value.



Table 8

**County of Lunenburg, Virginia**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Population (1) | Assessed<br>Value (2) | Gross<br>Bonded<br>Debt (3) | Less:                                  |   | Net<br>Bonded<br>Debt | Ratio of<br>Net Bonded<br>Debt to<br>Assessed<br>Value | Net<br>Bonded<br>Debt per<br>Capita |
|----------------|----------------|-----------------------|-----------------------------|--|---|-----------------------|--|-------------------------------------|
|                |                |                       |                             | Debt<br>Service<br>Monies<br>Available | Debt<br>Assumed<br>by Other<br>Localities (4) |                       |  |                                     |
| 1999           | 11,385         | \$ 472,572,612        | \$ 3,921,213                | \$ -                                   | \$ -  | \$ 3,921,213          | 0.83%  | 344.42                              |
| 2000           | 11,385         | 486,097,662           | 3,695,396                   | -                                      | -   | 3,695,396             | 0.76%  | 325                                 |
| 2001           | 13,146         | 501,496,773           | 3,462,127                   | -                                      | -   | 3,462,127             | 0.69%  | 263                                 |
| 2002           | 13,146         | 508,785,292           | 3,235,622                   | -                                      | -   | 3,235,622             | 0.64%  | 246                                 |
| 2003           | 13,146         | 519,712,616           | 14,032,938                  | -                                      | -   | 14,032,938            | 2.70%  | 1,067                               |
| 2004           | 13,146         | 528,813,394           | 13,790,034                  | -                                      | -   | 13,790,034            | 2.61%  | 1,049                               |
| 2005           | 13,146         | 679,620,644           | 13,451,833                  | -                                      | -   | 13,451,833            | 1.98%  | 1,023                               |
| 2006           | 13,146         | 693,311,933           | 11,784,293                  | -                                      | -   | 11,784,293            | 1.70%  | 896                                 |
| 2007           | 13,146         | 707,833,936           | 11,182,568                  | -                                      | -   | 11,182,568            | 1.58%  | 851                                 |
| 2008           | 13,146         | 722,058,687           | 10,544,174                  | -                                      | -   | 10,544,174            | 1.46%  | 802                                 |

(1) Institute of Government at the University of Virginia for 1990 Census and Weldon Cooper Center for Public Service for 2000 Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

(4) In accordance with the provisions of annexation settlements.

## *COMPLIANCE*

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

**To The Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, Virginia**

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Lunenburg, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County of Lunenburg, Virginia's basic financial statements and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Lunenburg, 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 Lunenburg, Virginia, in a separate letter dated December 22, 2008.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the County of Lunenburg, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'R. F. H.', followed by a long horizontal line extending to the right.

Richmond, Virginia  
December 22, 2008

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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**To The Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, Virginia**

### **Compliance**

We have audited the compliance of the County of Lunenburg, Virginia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Lunenburg, 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 Lunenburg, Virginia's management. Our responsibility is to express an opinion on the County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's compliance with those requirements.

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

### **Internal Control Over Compliance**

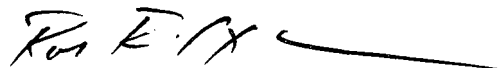
The management of the County of Lunenburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Lunenburg, 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 Lunenburg, Virginia's internal control over compliance.

A control deficiency in the County of Lunenburg, Virginia'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 Lunenburg, 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 Lunenburg, 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 Lunenburg, 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.

A handwritten signature in black ink, appearing to read "Ron E. IX", followed by a long horizontal line extending to the right.

Richmond, Virginia  
December 22, 2008

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

| Federal Grantor/State Pass - Through Grantor/<br>Program Title (Pass - Through Grantor's Number) | Federal<br>Catalog<br>Number | Expenditures      |
|--|------------------------------|-------------------|
| Department of Health and Human Services:   |                              |                   |
| Pass Through Payments:   |                              |                   |
| Department of Social Services:   |                              |                   |
| Family Preservation  | 93.556                       | \$ 9,342          |
| Temporary Assistance to Needy Families (TANF)  | 93.558                       | 58,229            |
| Refugee and Entrant Assistance - Discretionary Grants  | 93.566                       | 428               |
| Low Income Home Energy Assistance  | 93.568                       | 2,754             |
| Payments to States for Child Care Assistance   | 93.575                       | 39,146            |
| Child Care and Development Fund  | 93.596                       | 15,272            |
| Chafee Education and Training Vouchers   | 93.599                       | 483               |
| Child Welfare Services - State Grants  | 93.645                       | 510               |
| Foster Care - Title IV-E   | 93.658                       | 195,903           |
| Adoption Assistance  | 93.659                       | 17,350            |
| Social Services Block Grant  | 93.667                       | 91,749            |
| Independent Living   | 93.674                       | 534               |
| State Children's Insurance Program   | 93.767                       | 6,093             |
| Medical Assistance Program (Title XIX)   | 93.778                       | 91,310            |
| Total Department of Health and Human Services-pass through                                       |                              | <u>\$ 529,103</u> |
| Total Department of Health and Human Services  |                              | <u>\$ 529,103</u> |
|  |                              |                   |
| Department of Homeland Security:   |                              |                   |
| Pass Through Payments:   |                              |                   |
| Department of Emergency Services:  |                              |                   |
| State Homeland Security Grant  | 97.004                       | \$ 11,627         |
| Terrorism Prevention   | 97.xxx                       | 2,440             |
| Total Department of Homeland Security  |                              | <u>\$ 14,067</u>  |
|  |                              |                   |
| Department of Agriculture:   |                              |                   |
| Pass Through Payments:   |                              |                   |
| Department of Agriculture and Consumer Services:   |                              |                   |
| Food Distribution  | 10.555                       | \$ 63,647         |
| Department of Education:   |                              |                   |
| National school breakfast program  | 10.553                       | 145,730           |
| National school lunch program  | 10.555                       | 379,416           |
| Department of Social Services:   |                              |                   |
| State Admin Matching Grants for Food Stamp Program   | 10.561                       | 121,786           |
| Total Department of Agriculture  |                              | <u>\$ 710,579</u> |



**County of Lunenburg, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2008**

| Federal Grantor/State Pass - Through Grantor/<br>Program Title (Pass - Through Grantor's Number) | Federal<br>Catalog<br>Number | Expenditures |
|--|------------------------------|--------------|
| Department of Justice:   |                              |              |
| Direct payments:   |                              |              |
| Law enforcement technology grant   | 16.xxx                       | \$ 4,857     |
| Total Department of Justice  |                              | \$ 4,857     |
| Department of Education:   |                              |              |
| Pass Through Payments:   |                              |              |
| Department of Education:   |                              |              |
| Title I: Educationally deprived children   | 84.010                       | \$ 589,143   |
| Title VI-B: Handicapped state grants   | 84.027                       | 431,897      |
| Vocational Education: Basic grants to states   | 84.048                       | 55,040       |
| Title VI-B: Handicapped preschool incentive grant  | 84.173                       | 12,375       |
| Drug free schools and communities  | 84.186                       | 10,389       |
| Title II, Part A   | 84.367                       | 103,005      |
| Technology literacy challenge  | 84.318                       | 19,526       |
| Title VI: Improving school programs state block grant  | 84.298                       | 4,437        |
| Advanced placement classes   | 84.330                       | 638          |
| Comprehensive school reform  | 84.332                       | 387,123      |
| Total Department of Education  |                              | \$ 1,613,573 |
| Total Federal Assistance   |                              | \$ 2,872,179 |

## County of Lunenburg, Virginia

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

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#### Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Lunenburg, 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                | \$ 658,186        |
| County Special Revenue Fund | <u>11,627</u>     |
| Total primary government    | \$ <u>669,813</u> |

##### Component Unit Public Schools:

|                                     |                     |
|-------------------------------------|---------------------|
| School Operating Fund               | \$ 2,138,719        |
| School Special Revenue Fund         | <u>63,647</u>       |
| Total component unit public schools | \$ <u>2,202,366</u> |

|   |                     |
|---|---------------------|
| Total federal expenditures per basic financial statements | \$ <u>2,872,179</u> |
|---|---------------------|

|   |                            |
|---|----------------------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ <u><u>2,872,179</u></u> |
|---|----------------------------|

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

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**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued unqualified

Internal control over financial reporting:

- a. Material weaknesses identified?      yes   X   no
- b. Significant deficiencies identified that are not considered to be material weaknesses?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs

- A. Material weaknesses identified?      yes   X   no
- B. Significant deficiencies identified that are not considered to be material weaknesses?      yes   X   none reported

Type of auditors' report issued on compliance for major programs unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?      yes   X   no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

10.553/10.555  
84.010

Child Nutrition Cluster  
Title I

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes      no

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None

**County of Lunenburg, Virginia**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the year ended June 30, 2008**

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There were no findings or questioned costs.

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