

COUNTY OF CULPEPER, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

County of Culpeper, Virginia

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2009

PREPARED BY:

Valerie H. Lamb, Finance Director

COUNTY OF CULPEPER, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-v
Organizational Chart	vii
Directory of Principal Officials	ix
Certificate of Achievement for Excellence in Financial Reporting	xi
 FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	15
Exhibit 2 Statement of Activities	16-17
Fund Financial Statements:	
Exhibit 3 Balance Sheet-Governmental Funds	21
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	22
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Exhibit 6 Statement of Net Assets-Proprietary Funds	24
Exhibit 7 Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	25
Exhibit 8 Statement of Cash Flows-Proprietary Funds	26
Exhibit 9 Statement of Fiduciary Net Assets-Agency Funds	27
Notes to Financial Statements	29-66

COUNTY OF CULPEPER, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
<u>Required Supplementary Information:</u>	
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual—General Fund	69-72
Exhibit 11 Schedule of Funding Progress for the Virginia Retirement System and Other Post Employment Benefits	73
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 12 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual—Capital Projects Fund	79
Exhibit 13 Combining Statement of Fiduciary Net Assets—Agency Funds	80
Exhibit 14 Combining Statement of Changes in Assets and Liabilities—Agency Funds	81
Discretely Presented Component Unit-School Board:	
Exhibit 15 Combining Balance Sheet—Governmental Funds	82
Exhibit 16 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	83
Exhibit 17 Schedule of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds—Budget and Actual	84-85
Exhibit 18 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	86
Supporting Schedule:	
Schedule 1 Schedule of Revenues-Budget and Actual—Governmental Funds	89-95

COUNTY OF CULPEPER, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

(Continued)

STATISTICAL SECTION		<u>Page</u>
Table 1	Net Assets by Component	98-99
Table 2	Changes in Net Assets	100-101
Table 3	Governmental Activities Tax Revenues by Source	103
Table 4	Fund Balances of Governmental Funds	104-105
Table 5	Changes in Fund Balances of Governmental Funds	106-107
Table 6	Governmental Activities Tax Revenues by Source	109
Table 7	Assessed Value of Taxable Property	110
Table 8	Property Tax Rates	111
Table 9	Principal Taxpayers	112-113
Table 10	Property Tax Levies and Collections	115
Table 11	Ratios of Outstanding Debt by Type	116-117
Table 12	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	118
Table 13	Computation of Direct and Overlapping Bonded Debt	119
Table 14	Demographic and Economic Statistics	120
Table 15	Principal Employers	121
Table 16	Full-time Equivalent County Government Employees by Function	122
Table 17	Operating Indicators by Function	123
 COMPLIANCE SECTION:		
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	125-126
	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	127-128
	Schedule of Expenditures of Federal Awards	129-130
	Notes to Schedule of Expenditures of Federal Awards	131
	Schedule of Findings and Questioned Costs	132



County of Culpeper
Frank T. Bossio, County Administrator
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December 1, 2009

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

We are pleased to present the Comprehensive Annual Financial Report of the County of Culpeper, Virginia, (the "County"), for the fiscal year which ended June 30, 2009. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls. In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects fund are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2009 has been completed and no material internal control weaknesses or material violations of laws and regulations have been found.

The County adopts an annual budget by July 1 of each year as required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The Culpeper County Comprehensive Annual Financial Report includes all funds and account groups of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities and community development. Additionally, the County operates an airport, water and wastewater utility system and a Municipal Solid Waste Transfer Station. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Piedmont Regional Control Board, Rappahannock-Rapidan Regional Commission, and the Rappahannock-Rapidan Community Services Board are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

Culpeper County is located in north central Virginia, 75 miles southwest of Washington, D.C. and 75 miles northwest of Richmond, Virginia. The County encompasses a land area of 381 square miles. Three U.S. primary and one State primary route traverse the County. Culpeper has a diversified economy with strong manufacturing, trade services, and agricultural sectors. Manufacturing activity includes: auto parts, kitchen cabinets, wire cable, fiber optics, building components and iron castings. Major service industries include: international financial telecommunications, electronic data center, Library of Congress Film Archive, uniform rentals,

health care, education, and government. International firms have a significant presence in the community. Agriculture remains important in Culpeper's economy, with beef cattle the principal livestock and soy beans, hay and corn are the major cash crops.

The economy has slowed both on the state and federal level. The Consumer Price Index in the United States for 2008 increased over 2007 by .1% due to the recession. On the state level, the unemployment rate for Virginia as of April 2008 was 3.2% compared to 6.6% as of April 2009 and the unemployment rate for Culpeper County as of April 2009 is 7.9% vs. a year ago when the rate was only 3.9%. On a national level, unemployment exceeds both the state and local unemployment level at 8.6%.

MAJOR INITIATIVES

For fiscal year 2009: Following the goals and objectives established by the County of Culpeper Board of Supervisors, and with the assistance and guidance of the County's Administrator, County staff and agencies implemented and continued a number of specific "**programs**" designed to provide County residents with cost efficient government while enhancing their home and employment environment.

Major initiatives begun, continued, or completed during this fiscal year are:

- Continued renovation of the Wachovia Building for additional office space
- Construction of the Emergency Services Building
- Purchase of water and sewer capacity from the Town of Culpeper
- Implementation of electronic document management system

Continued renovation of the Wachovia Building

During fiscal year 2007, the Board of Supervisors purchased the Wachovia Bank Building on Main Street in Culpeper for \$1,500,000 to provide additional office space to meet the growing needs of the county offices. Renovations began to ensure the move of the Registrar's Office and Electoral Board prior to the November 2008 election. After that move occurred, the County completed renovations of the remainder of the building for the Offices of Treasurer and Commissioner of the Revenue and Records Management Division of the Information Technology Department. Those offices moved in during early spring of 2009. The move of the Treasurer and Commissioner's offices into the Wachovia Building and out of the County Courthouse then began to free up room for the Court offices still in the Courthouse to expand. With the growth in Culpeper, the demand on the courtrooms has also increased the volume of cases heard and these court offices are in need of expansion. Renovation of the Courthouse is expected to begin during the early spring of 2010.

Construction of the Emergency Services Building

The Board of Supervisors authorized as part of the FY08 budget, \$800,000 for the construction of a new Emergency Services Building on the site of the Emergency Operations Center. This building houses the 4 rescue squads owned by the County and houses the Emergency Services staff as they began 24/7 operations during FY07. The building allows for sleeping quarters for the staff during their shifts. The facility is under construction and became operational during FY09.

Purchase of water and sewer capacity from the Town of Culpeper

During FY08 the Board of Supervisors authorized the purchase of \$3.3M of water and sewer treatment capacity from the Town of Culpeper to use for commercial and industrial development in the Town Environs. These taps are an Economic Development tool as businesses look to settle in Culpeper County.

Implementation of Electronic Document Management System

The Board of Supervisors authorized as part of the FY08 budget, \$282,000 for the implementation of an Electronic Document Management System (EDMS). The first phase of this implementation was email archiving to ensure compliance with the records retention guidelines for correspondence outlined by the Library of Virginia. The second phase will be to improve processes in departments by utilizing workflow, automated forms, and existing software integrations, this phase will begin in the Finance Department with the Accounts Payable process. The third phase will be an automated Records Management platform to ensure all documents maintained in the EDMS are retained for the period of time specified by the Library of Virginia and then disposed of accordingly.

Prospects for the Future. For the fiscal year 2009-2010, the Board of Supervisors has approved a General Fund Operating Budget of \$71,306,808. During fiscal year 2008, the County realized that it would be realizing about a \$4 million shortfall. Therefore, immediate spending cuts were made, including a hiring freeze on all vacant positions. This hiring freeze has continued through FY09. Culpeper's General Fund revenues for fiscal year 2010 are down from fiscal year 2009 by \$1.7 million. However, Culpeper remains an attractive location for businesses, as evidenced by the location of Terremark to Culpeper. The County's population has begun to level out, but the County maintains its commitment to maintaining a stable tax base fairly split between residential and commercial use, and its cost-effective approach towards service delivery.

Risk Management. The County of Culpeper has a risk management program which is committed to the logical, systematic and continuous identification of loss exposures for and to the County, its employees, its citizens and taxpayers, through the evaluation of risk in terms of severity and frequency probability and the application of sound loss control procedures. As a part of this commitment, the County has obtained third party coverage for all liability risk.

Cash Management. Cash temporarily idle during the year was invested in time deposits and various authorized money market instruments. The amount of interest received was \$383,407. This is a decrease from interest earned on temporary investments in fiscal year 2007-2008 when the interest on investments totaled \$1,550,147.

OTHER INFORMATION

Management's Discussion and Analysis. Generally accepted accounting principles require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Culpeper's MD&A can be found immediately following the report of the independent auditors.

Independent Audit. The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in this report.

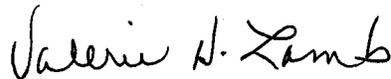
Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to County of Culpeper, Virginia for its comprehensive annual financial report for the fiscal year which ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgments. The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department of Finance. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner.

Respectfully submitted,

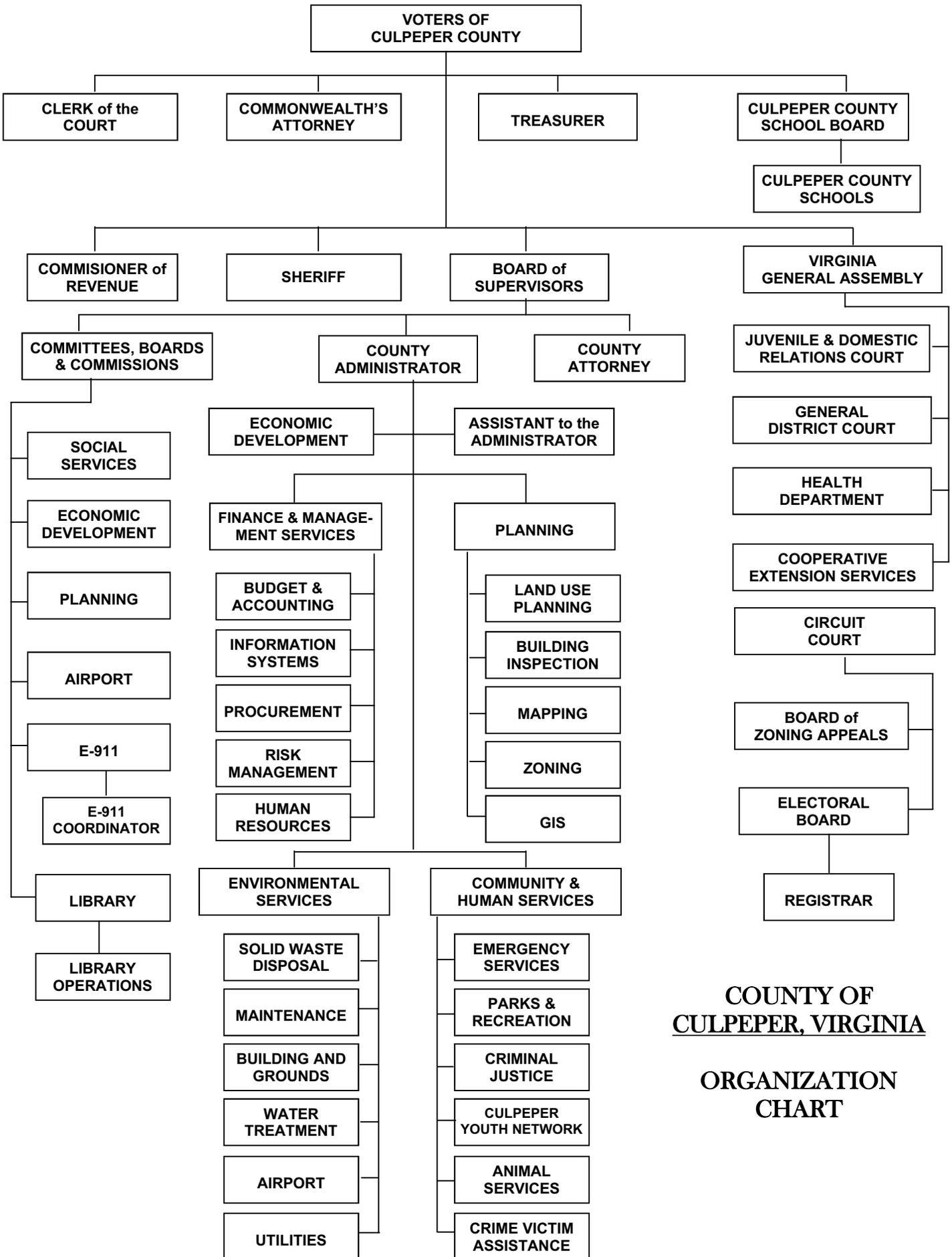


Frank T. Bossio
County Administrator



Valerie H. Lamb
Director of Finance

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**COUNTY OF
CULPEPER, VIRGINIA
ORGANIZATION
CHART**

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COUNTY OF CULPEPER, VIRGINIA
Directory of Officials
June 30, 2009

PRIMARY GOVERNMENT OFFICIALS

BOARD OF SUPERVISORS

William C. Chase, Jr., Chairman
Larry W. Aylor, Vice-Chairman
Steven E. Nixon
Bradley C. Rosenberger
Sue D. Hansohn
Thomas S. Underwood
Steven L. Walker

Stevensburg District
Cedar Mountain District
West Fairfax District
Jefferson District
Catalpa District
Salem District
East Fairfax District

CONSTITUTIONAL OFFICERS

Terry Yowell
David L. DeJarnette
Gary Close
James Branch
Janice Corbin

Commissioner of Revenue
Treasurer
Commonwealth's Attorney
Sheriff
Circuit Court Clerk

ADMINISTRATIVE OFFICERS

Frank T. Bossio
Roy B. Thorpe, Jr.
Valerie H. Lamb
Calvin Coleman

County Administrator
County Attorney
Director of Finance
Director of Human Services

SCHOOL BOARD COMPONENT UNIT OFFICIALS

School Board

George T. Dasher, Chairman.....	Stevensburg District
Anne C. Luckinbill, Vice-Chair	Salem District
Robert Beard	East Fairfax District
Elizabeth S. Hutchens.....	Cedar Mountain District
James C. Lee	West Fairfax District
Leanne S. Jenkins.....	Jefferson District
Russell E. Jenkins	Catalpa District

Administrative Officers

Dr. Larry Carter	Interim Superintendent
Starr Rowe	Director of Personnel
Jeffrey R. Shomo	Executive Director of Business

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Culpeper
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Culpeper, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County of Culpeper, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Culpeper, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009, on our consideration of the County of Culpeper, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Culpeper, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements, supporting schedule and statistical tables 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 Culpeper, Virginia. The combining and individual fund financial statements, supporting schedule 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 tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Co. Associates

Charlottesville, Virginia
December 1, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Culpeper, 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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$85,542,441 (net assets). Of this amount, \$21,678,983 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$22,080,765 a decrease of \$6,058,171 in comparison with the prior year. Approximately 83 percent of this amount, \$18,406,447, is available for spending at Culpeper, Virginia's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$20,630,986, or 26 percent of total general fund expenditures.

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).

Overview of the Financial Statements: (Continued)

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, police and volunteer fire protection, sanitation, social services, education, cultural events, and recreation. The business-type activities of the County include Water and Sewer, Landfill, and Airport operations.

The Government-wide financial statements include not only the County of Culpeper, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Culpeper, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present 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 Culpeper, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spend-able resources, as well as on balance of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects fund, both of which are considered to be major funds.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The County maintains three enterprise funds as well as the Culpeper County Water and Sewer Authority, which is a blended component unit of the County. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer, landfill, and airport operations as well as the water and sewer authority operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, landfill, airport, and water and sewer authority activities all of which are considered to be major funds of the County.

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 and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Overview of the Financial Statements: (Continued)

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component 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. Culpeper County's assets exceeded liabilities by \$85,542,441 at year end.

The largest portion of the County's net assets (75 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Schedule of Assets, Liabilities and Net Assets For the Years Ended June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 33,457,300	\$ 36,949,367	\$ 4,708,608	\$ 7,386,109	\$ 38,165,908	\$ 44,335,476
Capital assets	<u>120,494,435</u>	<u>113,105,379</u>	<u>39,939,071</u>	<u>37,772,312</u>	<u>160,433,506</u>	<u>150,877,691</u>
Total assets	<u>\$ 153,951,735</u>	<u>\$ 150,054,746</u>	<u>\$ 44,647,679</u>	<u>\$ 45,158,421</u>	<u>\$ 198,599,414</u>	<u>\$ 195,213,167</u>
Long-term liabilities outstanding	\$ 88,128,175	\$ 92,364,069	\$ 2,008,416	\$ 2,196,661	\$ 90,136,591	\$ 94,560,730
Current liabilities	<u>22,405,926</u>	<u>20,287,632</u>	<u>514,456</u>	<u>1,983,760</u>	<u>22,920,382</u>	<u>22,271,392</u>
Total liabilities	<u>\$ 110,534,101</u>	<u>\$ 112,651,701</u>	<u>\$ 2,522,872</u>	<u>\$ 4,180,421</u>	<u>\$ 113,056,973</u>	<u>\$ 116,832,122</u>
Net assets:						
Invested in capital assets net of related debt	\$ 25,331,224	\$ 18,469,361	\$ 38,532,234	\$ 36,145,416	\$ 63,863,458	\$ 54,614,777
Unrestricted	<u>18,086,410</u>	<u>18,933,684</u>	<u>3,592,573</u>	<u>4,832,584</u>	<u>21,678,983</u>	<u>23,766,268</u>
Total net assets	<u>\$ 43,417,634</u>	<u>\$ 37,403,045</u>	<u>\$ 42,124,807</u>	<u>\$ 40,978,000</u>	<u>\$ 85,542,441</u>	<u>\$ 78,381,045</u>

At the end of the current fiscal year, the County is able to report positive balances in both unrestricted net assets as well as the investment in capital assets net of related debt. The same situation did not hold true for the prior fiscal year.

Overview of the Financial Statements: (Continued)

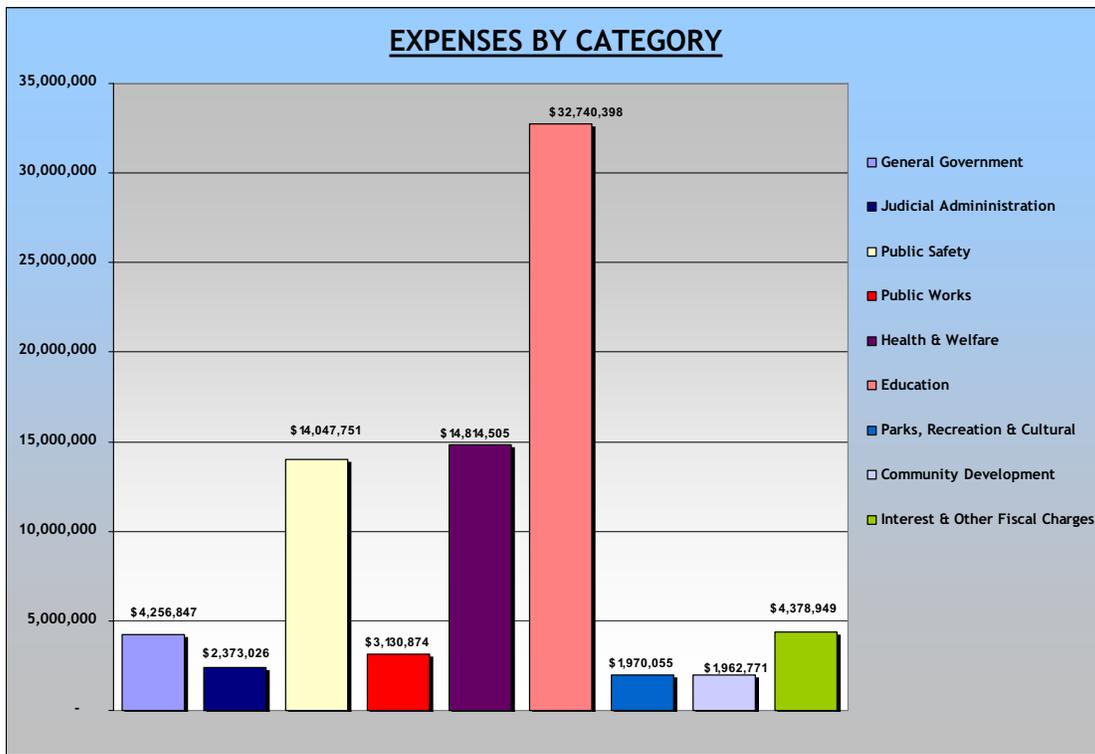
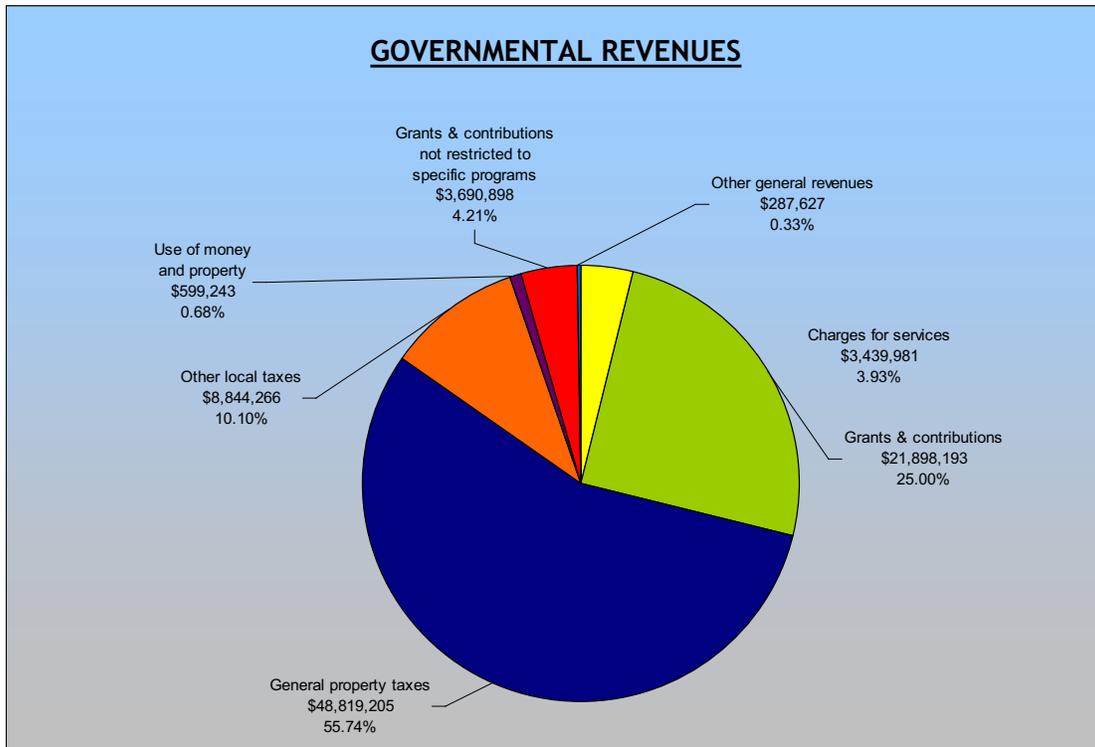
Governmental Activities - Governmental activities increased the County's net assets by \$6,014,589 while the Business-type activities increased \$1,146,807. The increase in business-type activities was caused primarily by the reimbursement from the developer for construction of a water and sewer plant in the northern end of the county. Key elements of the changes in net assets are as follows:

Changes in Net Assets For the Years Ended June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 3,439,981	\$ 3,940,436	\$ 2,532,466	\$ 3,393,614	\$ 5,972,447	\$ 7,334,050
Operating grants and contributions	14,414,513	13,718,162	-	-	14,414,513	13,718,162
Capital grants and contributions	7,483,680	26,042,891	1,686,515	12,222,118	9,170,195	38,265,009
General revenues:						
General property taxes	48,819,205	44,724,837	-	-	48,819,205	44,724,837
Other local taxes	8,844,267	9,155,369	-	-	8,844,267	9,155,369
Use of money and property C/VA non-categorical aid	599,243	1,819,900	72,560	227,094	671,803	2,046,994
Other general revenues	3,690,898	3,712,251	-	-	3,690,898	3,712,251
	287,627	923,303	-	-	287,627	923,303
Total revenues	\$ 87,579,414	\$ 104,037,149	\$ 4,291,541	\$ 15,842,826	\$ 91,870,955	\$ 119,879,975
Expenses:						
General government administration	\$ 4,256,847	\$ 4,081,639	\$ -	\$ -	\$ 4,256,847	\$ 4,081,639
Judicial administration	2,373,026	2,457,649	-	-	2,373,026	2,457,649
Public safety	14,047,751	14,246,020	-	-	14,047,751	14,246,020
Public works	3,130,874	3,575,121	-	-	3,130,874	3,575,121
Health and welfare	14,814,505	14,807,178	-	-	14,814,505	14,807,178
Education	32,740,398	31,778,033	-	-	32,740,398	31,778,033
Parks, recreation, and cultural	1,970,055	1,870,925	-	-	1,970,055	1,870,925
Community development	1,962,771	1,486,477	-	-	1,962,771	1,486,477
Interest and other fiscal charges	4,378,949	4,529,751	-	-	4,378,949	4,529,751
Landfill	-	-	2,707,086	3,297,771	2,707,086	3,297,771
Water and Sewer	-	-	668,330	606,918	668,330	606,918
Airport	-	-	1,590,711	1,522,674	1,590,711	1,522,674
Water and Sewer Authority	-	-	68,256	23,117	68,256	23,117
Total expenses	\$ 79,675,176	\$ 78,832,793	\$ 5,034,383	\$ 5,450,480	\$ 84,709,559	\$ 84,283,273
Increase(decrease) in net assets before transfers	\$ 7,904,238	\$ 25,204,356	\$ (742,842)	\$ 10,392,346	\$ 7,161,396	\$ 35,596,702
Transfers	(1,889,649)	(6,253,652)	1,889,649	6,253,652	-	-
Increase in net assets	\$ 6,014,589	\$ 18,950,704	\$ 1,146,807	\$ 16,645,998	\$ 7,161,396	\$ 35,596,702
Net assets, beginning of year, as restated	37,403,045	18,452,341	40,978,000	24,332,002	78,381,045	42,784,343
Net assets, end of year	\$ 43,417,634	\$ 37,403,045	\$ 42,124,807	\$ 40,978,000	\$ 85,542,441	\$ 78,381,045

- Taxes on recordation and wills decreased due to the slowing economy and downturn in the housing market. Motor vehicle license fees were also decreased due to a billing cycle change for motor vehicle licenses for citizens. The Board of Supervisors changed the cycle to coincide with the billing of personal property taxes to help eliminate long lines at the Courthouse during the former April due date season.

Overview of the Financial Statements: (Continued)



- The County’s revenue from use of money and property decreased from FY09 due primarily to lower interest rates and use of bonds held that interest received is calculated.
- Public safety expenses decreased from \$14,246,020 to \$14,047,751 in FY08 to FY09 due to decreased grant opportunities in the law enforcement area, as well as two years of capital funding (FY06 & FY07) transferred to the Volunteer Fire & Rescue Association.
- Health and welfare expenses remained fairly constant only increasing by \$7,327 from FY08 to FY09.
- Community development expenses increased by \$476,294 because of Terremark receiving the Governor’s Opportunity Fund grant. Those funds flowed through the County under Economic Development.

Overview of the Financial Statements: (Continued)

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

Business-Type Activities - Business-type activities increased the County's net assets by \$1,146,807, thereby accounting for 16 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Charges for services for business-type activities decreased by \$861,148 (25 percent) during the year. This decrease was due to the slowing of the economy and less use of the Solid Waste Transfer Station.
- Because of the economy expenses decreased as well. The overall decrease in expenses was \$416,097 with \$61,412 increase in the Water and Sewer Fund; \$590,685 decrease in the Landfill Fund; and \$68,037 increase in the Airport Fund. The decrease in the Landfill was due to less trash accepted in the transfer station, therefore less contractual services for hauling trash away; the increase in the Airport Fund was due to increase in fuel costs for the purchase of jet fuel and avgas.
- The Water and Sewer Authority received capital contributions of \$650,000 in FY09 compared to \$12,074,976 in FY08. This decrease is due to the development of the Clevenger's Village project slowing because of the economy.
- Other increases in net assets are caused by the general growth in the County and the demand for services.

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able 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 combined ending fund balances of \$22,080,765, a decrease of \$6,058,171 in comparison with the prior year. Approximately 83 percent of this total constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is dedicated for construction projects and subsequent expenditures to indicate that is not available for new spending because it has already been committed.

The general fund is the main operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$20,630,986, while total fund balance reached \$24,305,304, a decrease from the prior year of \$2,102,875. Key factors in the net decrease are as follows:

- A decrease in property tax collections from 95.63% down to 95.27%. Personal property collections are down due to citizens leaving the County.

The County's Capital Projects Fund balance decreased \$3,955,296 during the year. The Capital Projects Fund had revenues of \$4,457,120 which included transfers of \$4,532,080 from the School Board, while it expended \$8,687,416 in various projects during the year. Expenditures for capital projects were as follows:

1. New High School Offsite Infrastructure costs, \$830,818
2. New High School construction, \$1,317,899
3. New Elementary School construction, \$3,214,181
4. EMS Building construction, \$784,205
5. Wachovia Building renovation, \$1,056,412
6. Records management and archive system, \$293,055
7. Revenue Sharing program with VDOT, \$1,100,000

Financial Analysis of the County's Funds: (Continued)

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

Net assets of the Airport Fund at the end of the year were \$11,269,013, an increase from the prior year of \$653,974. Charges for services increased \$8,837 and grants increased \$44,481 from prior year amounts.

Net assets of the Landfill Fund totaled \$3,542,567, a decrease from prior year of \$235,509. Charges for services decreased from the prior year by \$882,464 while transfers decreased from the prior year by \$621,239.

The Water and Sewer fund expenses increased by \$333,812 in 2009, and charges for services decreased by \$32,007. Water and Sewer net assets increased \$131,690 for the year ending June 30, 2009 and total \$7,164,190.

During 2005 the Board of Supervisors created the Water and Sewer Authority to account for water and sewer activities in the northern part of the County which we call Clevenger's Corner. During the year \$650,000 was contributed by the developer and \$1,725,456 of infrastructure costs was capitalized. At June 30, 2009 net assets totaled \$20,149,037.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$5,271,277 and can be briefly summarized as follows:

- \$3,528,028 in health and welfare, primarily Youth Services and DHS Programs
- \$454,113 in public safety
- \$333,685 in public works
- \$549,995 in planning and community development
- \$405,456 in other

Of this increase, \$3,637,388 was to be funded from intergovernmental revenues. The remaining \$1,633,889 was to be budgeted from available fund balance.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and business type activities as of June 30, 2009 amounts to \$160,433,506 (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 Note 5 of this report.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$101,076,803. Of this amount \$76,099,295 represents debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e. Revenue bonds).

Legislation enacted during fiscal year ended June 20, 2002 requires that the Primary Government has assumed debt historically reported by the School Board. The legislation affects the reporting of local school capital assets as well.

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

Economic Factors and Next Year's Budget and Rates

The fiscal health of Culpeper County has an effect on the levels of service that will be provided to the residents of the County. During fiscal year 2008, the County realized that it would be realizing about a \$4 million shortfall. Therefore, immediate spending cuts were made, including a hiring freeze on all vacant positions. The hiring freeze continued into fiscal year 2009. Culpeper's General Fund revenues for fiscal year 2010 are down from fiscal year 2009 by \$1.7 million. However, Culpeper remains an attractive location for businesses, as evidenced by the coming of Terremark to Culpeper. The County's population has begun to level out, but the County maintains its commitment to maintaining a stable tax base fairly split between residential and commercial use, and its cost-effective approach towards service delivery.

The economy has slowed both on the state and federal level. The Consumer Price Index in the United States for 2008 increased over 2007 by .1% due to the recession. On the state level, the unemployment rate for Virginia as of April 2008 was 3.2% compared to 6.6% as of April 2009 and the unemployment rate for Culpeper County as of April 2009 is 7.9% vs. a year ago when the rate was only 3.9%. On a national level, unemployment exceeds both the state and local unemployment level at 8.6%.

For fiscal year 2010 real property taxes are projected to decrease by 4.3 percent, from \$32.5M to \$31.1M, and will constitute 51.9 percent of the County's revenues. The rate of decrease reflects the economic downturn in the County as well as a tax rate reduction and reduction in assessed values. The overall value of real property in the County (excluding public service corporations) decreased from \$5.28 billion to an estimated \$4.67 billion for January 1, 2009, due to general reassessment. The adopted budget is based on decreasing the total real estate tax rate from the \$.69 per \$100 of assessed value, as an equalized rate, to \$.65 per \$100 of assessed value for fiscal year 2010.

Personal property tax is levied on the tangible property of individuals and businesses. For individuals, this is primarily associated with automobiles. For businesses, examples include motor vehicles, machines, fixtures and tools.

In calendar year 2007, the assessed value of personal property in the County totaled \$548.88 million. This increased 2.10% percent to \$570.05 million in calendar year 2008. In calendar year 2008, personal property vehicles made up 58 percent of the total personal property value; the remainder was business tangible property, recreational personal property, and machinery and tools, comprising 42 percent.

For the fiscal year 2010 the estimate of personal property revenue is projected on a declining valuation of assessed property but maintaining the current tax rate of \$2.50 per \$100 of assessed value for recreational personal property; \$3.50 per \$100 of assessed value for all classes of personal property; and \$.63 per \$100 of assessed value for airplanes. The revenue generated from the personal property tax increase in FY07 was, and will continue to be used to offset additional debt for the new high school in fiscal year 2010 and future years.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Culpeper, 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 Finance Director, 302 N. Main Street, Culpeper, Virginia 22701.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
At June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 23,262,106	\$ 4,570,899	\$ 27,833,005	\$ 8,058,861
Receivables (net of allowance for uncollectibles):				
Property taxes	3,281,276	-	3,281,276	-
Accounts receivable	324,839	209,767	534,606	-
Prepaid items	55,889	13,213	69,102	-
Inventory	-	3,271,386	3,271,386	-
Due from primary government	-	-	-	5,796,824
Internal balances	3,378,819	(3,378,819)	-	-
Due from other governments	3,154,371	22,162	3,176,533	1,597,807
Total Current Assets	\$ 33,457,300	\$ 4,708,608	\$ 38,165,908	\$ 15,453,492
Noncurrent Assets				
Capital assets (net of depreciation):				
Land and land improvements	\$ 9,272,460	\$ 2,245,522	\$ 11,517,982	\$ 1,955,682
Construction in progress	76,291,805	24,004,643	100,296,448	-
Buildings	18,123,292	13,488,947	31,612,239	10,086,078
Equipment	1,689,232	199,959	1,889,191	5,663,237
Jointly owned assets	15,117,646	-	15,117,646	12,803,123
Total Capital Assets	\$ 120,494,435	\$ 39,939,071	\$ 160,433,506	\$ 30,508,120
Total Assets	\$ 153,951,735	\$ 44,647,679	\$ 198,599,414	\$ 45,961,612
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	\$ 2,600,812	\$ 208,882	\$ 2,809,694	\$ 7,933,645
Unearned revenue	177,259	-	177,259	-
Due to component unit	5,796,824	-	5,796,824	-
Accrued interest payable	1,776,941	34,140	1,811,081	-
Current portion of long-term obligations	12,054,090	271,434	12,325,524	655,843
Total Current Liabilities	\$ 22,405,926	\$ 514,456	\$ 22,920,382	\$ 8,589,488
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	88,128,175	2,008,416	90,136,591	1,902,148
Total Liabilities	\$ 110,534,101	\$ 2,522,872	\$ 113,056,973	\$ 10,491,636
NET ASSETS				
Invested in capital assets, net of related debt	\$ 25,331,224	\$ 38,532,234	\$ 63,863,458	\$ 29,064,119
Unrestricted	18,086,410	3,592,573	21,678,983	6,405,857
Total Net Assets	\$ 43,417,634	\$ 42,124,807	\$ 85,542,441	\$ 35,469,976
Total Liabilities and Net Assets	\$ 153,951,735	\$ 44,647,679	\$ 198,599,414	\$ 45,961,612

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

COUNTY OF CULPEPER, VIRGINIA

Statement of Activities
 Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,256,847	\$ 566,496	\$ 321,064	\$ -
Judicial administration	2,373,026	298,632	702,737	-
Public safety	14,047,751	733,912	3,852,005	-
Public works	3,130,874	-	-	-
Health and welfare	14,814,505	1,718,636	8,865,082	-
Education	32,740,398	-	-	4,532,080
Parks, recreation, and cultural	1,970,055	120,581	173,625	2,951,600
Community development	1,962,771	1,724	500,000	-
Interest on long-term debt	4,378,949	-	-	-
Total governmental activities	\$ 79,675,176	\$ 3,439,981	\$ 14,414,513	\$ 7,483,680
Business-type activities:				
Landfill	\$ 2,707,086	\$ 1,587,384	\$ -	\$ -
Water and sewer	668,330	161,933	-	-
Airport	1,590,711	783,149	-	1,036,515
Water and sewer authority	68,256	-	-	650,000
Total business-type activities	\$ 5,034,383	\$ 2,532,466	\$ -	\$ 1,686,515
Total primary government	\$ 84,709,559	\$ 5,972,447	\$ 14,414,513	\$ 9,170,195
COMPONENT UNIT:				
School Board	\$ 78,503,719	\$ 1,873,272	\$ 40,307,675	\$ 2,010,414
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
E-911 taxes				
Taxes on recordation and wills				
Motor vehicle license taxes				
Other local taxes				
County contribution to School Board				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	School Board
\$ (3,369,287)	\$ -	\$ (3,369,287)	\$ -
(1,371,657)	-	(1,371,657)	-
(9,461,834)	-	(9,461,834)	-
(3,130,874)	-	(3,130,874)	-
(4,230,787)	-	(4,230,787)	-
(28,208,318)	-	(28,208,318)	-
1,275,751	-	1,275,751	-
(1,461,047)	-	(1,461,047)	-
(4,378,949)	-	(4,378,949)	-
<u>\$ (54,337,002)</u>	<u>\$ -</u>	<u>\$ (54,337,002)</u>	<u>\$ -</u>
\$ -	\$ (1,119,702)	\$ (1,119,702)	\$ -
-	(506,397)	(506,397)	-
-	228,953	228,953	-
-	581,744	581,744	-
<u>\$ -</u>	<u>\$ (815,402)</u>	<u>\$ (815,402)</u>	<u>\$ -</u>
<u>\$ (54,337,002)</u>	<u>\$ (815,402)</u>	<u>\$ (55,152,404)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,312,358)</u>
\$ 48,819,205	\$ -	\$ 48,819,205	\$ -
4,518,626	-	4,518,626	-
2,020,957	-	2,020,957	-
747,563	-	747,563	-
760,296	-	760,296	-
648,490	-	648,490	-
148,335	-	148,335	-
-	-	-	30,137,434
599,243	72,560	671,803	180,959
287,627	-	287,627	729,135
3,690,898	-	3,690,898	-
(1,889,649)	1,889,649	-	-
<u>\$ 60,351,591</u>	<u>\$ 1,962,209</u>	<u>\$ 62,313,800</u>	<u>\$ 31,047,528</u>
<u>\$ 6,014,589</u>	<u>\$ 1,146,807</u>	<u>\$ 7,161,396</u>	<u>\$ (3,264,830)</u>
<u>\$ 37,403,045</u>	<u>\$ 40,978,000</u>	<u>\$ 78,381,045</u>	<u>\$ 38,734,806</u>
<u>\$ 43,417,634</u>	<u>\$ 42,124,807</u>	<u>\$ 85,542,441</u>	<u>\$ 35,469,976</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 23,262,106	\$ -	\$ 23,262,106
Receivables (net of allowance for uncollectibles):			
Taxes, including penalties	3,281,276	-	3,281,276
Accounts	324,839	-	324,839
Prepaid items	55,889	-	55,889
Due from other funds	3,378,819	-	3,378,819
Due from other governmental units	<u>3,154,371</u>	<u>-</u>	<u>3,154,371</u>
Total assets	<u>\$ 33,457,300</u>	<u>\$ -</u>	<u>\$ 33,457,300</u>
LIABILITIES			
Accounts payable	\$ 376,273	\$ 40,655	\$ 416,928
Reconciled overdraft	-	2,183,884	2,183,884
Due to component unit	5,796,824	-	5,796,824
Deferred revenue	<u>2,978,899</u>	<u>-</u>	<u>2,978,899</u>
Total liabilities	<u>\$ 9,151,996</u>	<u>\$ 2,224,539</u>	<u>\$ 11,376,535</u>
FUND BALANCES			
Unreserved:			
Designated for subsequent expenditures	\$ 2,067,984	\$ -	\$ 2,067,984
Designated for capital projects	1,606,334	-	1,606,334
Undesignated	<u>20,630,986</u>	<u>(2,224,539)</u>	<u>18,406,447</u>
Total fund balances	<u>\$ 24,305,304</u>	<u>\$ (2,224,539)</u>	<u>\$ 22,080,765</u>
Total liabilities and fund balances	<u>\$ 33,457,300</u>	<u>\$ -</u>	

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the County as a whole.	120,494,435
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,776,941)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	2,801,640
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term-are reported in the Statement of Net Assets.	<u>(100,182,265)</u>
Net assets of General Governmental Activities	<u>\$ 43,417,634</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds
 Year Ended June 30, 2009

	Governmental Fund Types		Total Governmental Funds
	General	Capital Projects	
Revenues:			
General property taxes	\$ 48,035,130	\$ -	\$ 48,035,130
Other local taxes	8,844,267	-	8,844,267
Permits, privilege fees and regulatory licenses	624,759	-	624,759
Fines and forfeitures	90,718	-	90,718
Revenue from use of money and property	584,203	15,040	599,243
Charges for services	2,724,504	-	2,724,504
Miscellaneous	287,627	-	287,627
Recovered costs	264,157	-	264,157
Intergovernmental:			
School Board Contribution to Primary Government	-	4,532,080	4,532,080
Commonwealth	12,028,450	-	12,028,450
Federal	6,076,961	-	6,076,961
Total revenues	\$ 79,560,776	\$ 4,547,120	\$ 84,107,896
Expenditures:			
Current:			
General government administration	\$ 3,923,014	\$ 293,055	\$ 4,216,069
Judicial administration	2,529,996	-	2,529,996
Public safety	14,140,308	784,205	14,924,513
Public works	1,419,945	3,030,124	4,450,069
Health and welfare	14,803,422	-	14,803,422
Education	30,588,952	4,532,080	35,121,032
Parks, recreation, and cultural	1,857,970	47,952	1,905,922
Community development	1,908,497	-	1,908,497
Debt service:			
Principal retirement	3,944,953	-	3,944,953
Interest and other fiscal charges	4,471,945	-	4,471,945
Total expenditures	\$ 79,589,002	\$ 8,687,416	\$ 88,276,418
Excess (deficiency) of revenues over expenditures	\$ (28,226)	\$ (4,140,296)	\$ (4,168,522)
Other financing sources (uses):			
Transfers in	\$ 72,500	\$ 185,000	\$ 257,500
Issuance of refunding loan	-	7,500,000	7,500,000
Interim financing redeemed	-	(7,500,000)	(7,500,000)
Transfers (out)	(2,147,149)	-	(2,147,149)
Total other financing sources (uses)	\$ (2,074,649)	\$ 185,000	\$ (1,889,649)
Changes in fund balances	\$ (2,102,875)	\$ (3,955,296)	\$ (6,058,171)
Fund balances at beginning of year	26,408,179	1,730,757	28,138,936
Fund balances at end of year	\$ 24,305,304	\$ (2,224,539)	\$ 22,080,765

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2009

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds	\$	(6,058,171)
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 capital outlays exceeded depreciation expense in the current period:		
Capital assets	\$ 10,562,142	
Loss on disposition of capital assets	(24,578)	
Depreciation expense	<u>(1,584,612)</u>	8,952,952
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(1,563,896)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this adjustment consist of the change in deferred revenue - taxes.		784,075
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. Details of this adjustment are as follows:		
Principal retired on long-term debt	\$ 11,444,953	
Issuance of long-term debt	(7,500,000)	
Amortization of premium on bonds issued	35,885	
Amortization of deferred amount on refunding	<u>(44,781)</u>	3,936,057
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in accrued leave	\$ (128,320)	
Change in other post employment benefits	(10,000)	
Change in interest payable	<u>101,892</u>	<u>(36,428)</u>
Change in net assets of governmental activities	\$	<u><u>6,014,589</u></u>

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

Statement of Net Assets
 Proprietary Funds
 At June 30, 2009

	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 3,996,744	\$ -	\$ -	\$ 574,155	\$ 4,570,899
Receivables (net of allowance for uncollectibles):					
Accounts receivable	117,097	62,646	30,024	-	209,767
Due from other governments	-	-	22,162	-	22,162
Prepaid expenses	3,364	7,005	2,844	-	13,213
Inventory	-	3,227,500	43,886	-	3,271,386
Total Current Assets	<u>\$ 4,117,205</u>	<u>\$ 3,297,151</u>	<u>\$ 98,916</u>	<u>\$ 574,155</u>	<u>\$ 8,087,427</u>
Noncurrent Assets					
Capital assets (net of depreciation):					
Land	\$ 401,073	\$ 235,200	\$ 516,929	\$ 1,092,320	\$ 2,245,522
Construction in progress	-	1,380,747	1,141,334	21,482,562	24,004,643
Buildings and improvements	7,900	2,182,900	11,298,147	-	13,488,947
Equipment	17,117	100,600	82,242	-	199,959
Total Capital Assets	<u>\$ 426,090</u>	<u>\$ 3,899,447</u>	<u>\$ 13,038,652</u>	<u>\$ 22,574,882</u>	<u>\$ 39,939,071</u>
Total Assets	<u>\$ 4,543,295</u>	<u>\$ 7,196,598</u>	<u>\$ 13,137,568</u>	<u>\$ 23,149,037</u>	<u>\$ 48,026,498</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued expenses	\$ 150,168	\$ 21,725	\$ 36,989	\$ -	\$ 208,882
Interest payable	-	-	34,140	-	34,140
Due to other funds	-	-	378,819	3,000,000	3,378,819
Current portion of long-term obligations	38,848	1,068	231,518	-	271,434
Total Current Liabilities	<u>\$ 189,016</u>	<u>\$ 22,793</u>	<u>\$ 681,466</u>	<u>\$ 3,000,000</u>	<u>\$ 3,893,275</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	811,712	9,615	1,187,089	-	2,008,416
Total Liabilities	<u>\$ 1,000,728</u>	<u>\$ 32,408</u>	<u>\$ 1,868,555</u>	<u>\$ 3,000,000</u>	<u>\$ 5,901,691</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 426,090	\$ 3,899,447	\$ 11,631,815	\$ 22,574,882	\$ 38,532,234
Unrestricted (deficit)	3,116,477	3,264,743	(362,802)	(2,425,845)	3,592,573
Total Net Assets	<u>\$ 3,542,567</u>	<u>\$ 7,164,190</u>	<u>\$ 11,269,013</u>	<u>\$ 20,149,037</u>	<u>\$ 42,124,807</u>
Total Liabilities and Net Assets	<u>\$ 4,543,295</u>	<u>\$ 7,196,598</u>	<u>\$ 13,137,568</u>	<u>\$ 23,149,037</u>	<u>\$ 48,026,498</u>

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

Statement of Revenues, Expenses and Changes in Fund Net Assets --
 Proprietary Funds
 Year Ended June 30, 2009

	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals
Operating revenues:					
Charges for services	\$ 1,587,384	\$ 161,933	\$ 728,408	\$ -	\$ 2,477,725
Maintenance grants	-	-	54,741	-	54,741
Total operating revenues	<u>\$ 1,587,384</u>	<u>\$ 161,933</u>	<u>\$ 783,149</u>	<u>\$ -</u>	<u>\$ 2,532,466</u>
Operating expenses:					
Personal services	\$ 406,719	\$ 160,949	\$ 153,649	\$ -	\$ 721,317
Fringe benefits	108,880	47,472	28,975	-	185,327
Contractual services	2,001,936	111,969	158,870	3,558	2,276,333
Other charges	185,410	257,350	561,249	64,698	1,068,707
Depreciation	4,141	90,590	613,053	-	707,784
Total operating expenses	<u>\$ 2,707,086</u>	<u>\$ 668,330</u>	<u>\$ 1,515,796</u>	<u>\$ 68,256</u>	<u>\$ 4,959,468</u>
Operating income (loss)	<u>\$ (1,119,702)</u>	<u>\$ (506,397)</u>	<u>\$ (732,647)</u>	<u>\$ (68,256)</u>	<u>\$ (2,427,002)</u>
Nonoperating revenues (expenses):					
Interest income	\$ 57,652	-	-	14,908	\$ 72,560
Interest expense	-	-	(74,915)	-	(74,915)
Total nonoperating revenues (expenses)	<u>\$ 57,652</u>	<u>\$ -</u>	<u>\$ (74,915)</u>	<u>\$ 14,908</u>	<u>\$ (2,355)</u>
Income (loss) before contributions and transfers	<u>\$ (1,062,050)</u>	<u>\$ (506,397)</u>	<u>\$ (807,562)</u>	<u>\$ (53,348)</u>	<u>\$ (2,429,357)</u>
Capital contributions and construction grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036,515</u>	<u>\$ 650,000</u>	<u>\$ 1,686,515</u>
Transfers:					
Transfers in	\$ 1,045,971	\$ 710,587	\$ 425,021	\$ -	\$ 2,181,579
Transfers (out)	(219,430)	(72,500)	-	-	(291,930)
Total transfers	<u>\$ 826,541</u>	<u>\$ 638,087</u>	<u>\$ 425,021</u>	<u>\$ -</u>	<u>\$ 1,889,649</u>
Change in net assets	\$ (235,509)	\$ 131,690	\$ 653,974	\$ 596,652	\$ 1,146,807
Net assets at beginning of year	<u>3,778,076</u>	<u>7,032,500</u>	<u>10,615,039</u>	<u>19,552,385</u>	<u>40,978,000</u>
Net assets at end of year	<u><u>\$ 3,542,567</u></u>	<u><u>\$ 7,164,190</u></u>	<u><u>\$ 11,269,013</u></u>	<u><u>\$ 20,149,037</u></u>	<u><u>\$ 42,124,807</u></u>

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

Statement of Cash Flows --
Proprietary Funds
Year Ended June 30, 2009

	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,698,345	\$ 186,114	\$ 767,421	\$ -	\$ 2,651,880
Payments to suppliers	(2,234,733)	(362,191)	(733,612)	(68,256)	(3,398,792)
Payments to employees	(510,554)	(204,671)	(184,201)	-	(899,426)
Net cash provided by (used in) operating activities	<u>\$ (1,046,942)</u>	<u>\$ (380,748)</u>	<u>\$ (150,392)</u>	<u>\$ (68,256)</u>	<u>\$ (1,646,338)</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	\$ (9,183)	\$ (257,339)	\$ (882,565)	\$ (3,040,115)	\$ (4,189,202)
Capital contributions	-	-	1,020,300	650,000	1,670,300
Interest expense	-	-	(79,627)	-	(79,627)
Retirement of indebtedness	-	-	(220,059)	-	(220,059)
Net cash provided by (used in) capital and related financing activities	<u>\$ (9,183)</u>	<u>\$ (257,339)</u>	<u>\$ (161,951)</u>	<u>\$ (2,390,115)</u>	<u>\$ (2,818,588)</u>
Cash flows from noncapital financing activities:					
Transfers in	\$ 1,045,971	\$ 710,587	\$ 425,021	\$ -	\$ 2,181,579
Transfers (out)	(219,430)	(72,500)	-	-	(291,930)
Increase in due to other funds	-	-	(112,678)	-	(112,678)
Net cash provided by noncapital and related financing activities	<u>\$ 826,541</u>	<u>\$ 638,087</u>	<u>\$ 312,343</u>	<u>\$ -</u>	<u>\$ 1,776,971</u>
Cash flows from investing activities:					
Interest income	\$ 57,652	\$ -	\$ -	\$ 14,908	\$ 72,560
Increase (decrease) in cash and cash equivalents	\$ (171,932)	\$ -	\$ -	\$ (2,443,463)	\$ (2,615,395)
Cash and cash equivalents at beginning of year	4,168,676	-	-	3,017,618	7,186,294
Cash and cash equivalents at end of year	<u>\$ 3,996,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 574,155</u>	<u>\$ 4,570,899</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	<u>\$ (1,119,702)</u>	<u>\$ (506,397)</u>	<u>\$ (732,647)</u>	<u>\$ (68,256)</u>	<u>\$ (2,427,002)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operations:					
Depreciation	\$ 4,141	\$ 90,590	\$ 613,053	\$ -	\$ 707,784
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	110,961	24,181	(15,728)	-	119,414
(Increase) decrease in prepaid expenses	(3,364)	(7,005)	(2,027)	-	(12,396)
(Increase) in inventory	-	72,500	11,481	-	83,981
Increase (decrease) in accounts payable	(79,623)	(58,367)	(22,947)	-	(160,937)
Increase (decrease) in accrued leave	5,045	3,750	(1,577)	-	7,218
Increase (decrease) in landfill closure	35,600	-	-	-	35,600
Total adjustments	<u>\$ 72,760</u>	<u>\$ 125,649</u>	<u>\$ 582,255</u>	<u>\$ -</u>	<u>\$ 780,664</u>
Net cash provided by (used in) operating activities	<u>\$ (1,046,942)</u>	<u>\$ (380,748)</u>	<u>\$ (150,392)</u>	<u>\$ (68,256)</u>	<u>\$ (1,646,338)</u>

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

Statement of Fiduciary Net Assets --
 Agency Funds
 At June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>345,728</u>
Total assets	\$ <u><u>345,728</u></u>
LIABILITIES	
Amounts held for others	\$ 218,096
Amounts held for inmates	9,801
Amounts held for social services clients	<u>117,831</u>
Total liabilities	\$ <u><u>345,728</u></u>

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

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COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009

Note 1—Summary of Significant Accounting Policies:

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

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

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

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

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

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 governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model governments provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition to 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 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 Culpeper, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units - Culpeper County Water and Sewer Authority - The Culpeper County Water and Sewer Authority serves all the citizens of the government and is governed by a board comprised of the government's elected supervisors. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a fiscal year which ends June 30. The Authority is presented as an enterprise fund in the County's financial statements for the fiscal year ended June 30, 2009.

Discretely Presented Component Units - The School Board members are elected and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2009.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

Excluded from the County's Comprehensive Annual Financial Report

The Piedmont Regional Control Board is considered a joint venture. The County School Boards for the localities of Culpeper, Orange, Madison & Rappahannock participate in supporting the Piedmont Regional Control Board for local residents. The Center provides vocational training to secondary and adult students. The Piedmont Regional Control Board is governed by an eight member board of trustees of which two are appointed by each of the participating localities. No one locality contributes more than 50% of the Board's funding.

Complete financial statements for the Center can be obtained from the County Administrative Offices located at 302 N. Main Street, Culpeper, Virginia 22701.

Rappahannock-Rapidan Planning District Commission

The Commission was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the 17 board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rappahannock-Rapidan Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the 14 board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

C. 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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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 in the month 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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

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

3. Enterprise Funds

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

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

3. Enterprise Funds: (Continued)

The County reports the following major enterprise funds:

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

Landfill Fund - This fund is used to account for the activities of the County's landfill.

Airport Fund - This fund is used to account for the activities occurring at the County's Airport.

Water and Sewer Authority - This fund is used to account for the activities occurring at the Water and Sewer Authority.

4. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County 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. The County's agency funds are the Special Welfare Fund, Sheriff Commissary Fund, Piedmont Tech Fund, Thrift Store and Healthy Culpeper Fund.

D. Budgets and Budgetary Accounting

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

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. No investments are valued at cost. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

F. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$486,072 at June 30, 2009, and is comprised solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The County bills and collects its own property taxes.

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists primarily of operating materials held for consumption and or supplies for repairs and maintenance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2009 was immaterial.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and Computer Equipment	5
Buses	12

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 Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

J. 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 debt 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.

K. 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.

L. Retirement Plan

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

M. 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.

N. 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.

O. Component Unit-School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the County who issues the debt on behalf of the School Board. However, the Code of Virginia requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

O. Component Unit-School Board Capital Asset and Debt Presentation: (Continued)

In the Statement of Net Assets, this scenario presents a dilemma for the County. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net assets of the County. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net assets.

The Virginia General Assembly amended the Code of Virginia to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

Note 2—Deposits and Investments:

Deposits

All cash of the County and Component Unit School Board is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

Statutes authorize the County and Component Unit School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia 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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County does not have a policy related to credit risk of debt securities.

The County's rated debt investments as of June 30, 2009 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAA	AA
Local Government Investment Pool	\$ 10,622,825	\$ -
Municipal Bonds	-	1,009,153
Evergreen Instl Treasury Money Market Fund	6,540,094	-
U.S. Government Securities	<u>7,892,240</u>	<u>-</u>
Total	<u>\$ 25,055,159</u>	<u>\$ 1,009,153</u>

Investment maturities in years:

Investment Type	Fair Value	Less Than 1 Year
Municipal Bonds	\$ 1,009,153	\$ 1,009,153
U.S. Government Securities	<u>7,892,240</u>	<u>7,892,240</u>
Total	<u>\$ 8,901,393</u>	<u>\$ 8,901,393</u>

External Investment Pool:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 3—Due from Other Governments:

At June 30, 2009 the County and School Board have receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
Shared expenses	\$ 391,368	\$ -
State sales taxes	-	1,060,821
Local sales taxes	947,226	-
Communication taxes	307,888	-
Public assistance	179,554	-
Comprehensive services	670,421	-
Miscellaneous	54,248	-
Federal Government:		
School funds	-	536,986
Public assistance	260,398	-
Headstart	269,624	-
Miscellaneous	95,806	-
Total	<u>\$ 3,176,533</u>	<u>\$ 1,597,807</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 4—Interfund Transfers Due From/To Other Funds/Primary Government/Component Units:

Individual fund and interfund receivable and payable balances relating to working capital loans at June 30, 2009 are summarized below:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 3,378,819	\$ -
Water and Sewer Authority	-	3,000,000
Airport	-	378,819
Total	<u>\$ 3,378,819</u>	<u>\$ 3,378,819</u>

<u>Fund</u>	<u>Due from Primary Government</u>	<u>Due to Component Unit</u>
General	\$ -	\$ 5,796,824
School	5,796,824	-
Total	<u>\$ 5,796,824</u>	<u>\$ 5,796,824</u>

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 72,500	\$ 2,147,149
Landfill Fund	1,045,971	219,430
Water & Sewer Fund	710,587	72,500
County Capital Improvements Fund	185,000	-
Airport Fund	425,021	-
Total	<u>\$ 2,439,079</u>	<u>\$ 2,439,079</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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 5—Capital Assets:

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

	<u>Balance</u> <u>July 1, 2008,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 9,105,860	\$ 166,600	\$ -	\$ 9,272,460
Construction in Progress	6,331,512	2,945,146	-	9,276,658
Construction in Progress-jointly owned assets	<u>62,551,897</u>	<u>4,532,081</u>	<u>68,831</u>	<u>67,015,147</u>
Total capital assets not being depreciated	<u>\$ 77,989,269</u>	<u>\$ 7,643,827</u>	<u>\$ 68,831</u>	<u>\$ 85,564,265</u>
Capital assets, being depreciated:				
Buildings	\$ 20,413,274	\$ 2,785,000	\$ -	\$ 23,198,274
Equipment	6,438,812	202,146	176,349	6,464,609
Jointly owned assets	<u>21,543,126</u>	<u>-</u>	<u>2,179,057</u>	<u>19,364,069</u>
Total capital assets being depreciated	<u>\$ 48,395,212</u>	<u>\$ 2,987,146</u>	<u>\$ 2,355,406</u>	<u>\$ 49,026,952</u>
Less accumulated depreciation for:				
Buildings	\$ 4,423,613	\$ 651,369	\$ -	\$ 5,074,982
Equipment	4,512,625	414,523	151,771	4,775,377
Jointly owned assets	<u>4,342,864</u>	<u>518,720</u>	<u>615,161</u>	<u>4,246,423</u>
Total accumulated depreciation	<u>\$ 13,279,102</u>	<u>\$ 1,584,612</u>	<u>\$ 766,932</u>	<u>\$ 14,096,782</u>
Total capital assets being depreciated, net	<u>\$ 35,116,110</u>	<u>\$ 1,402,534</u>	<u>\$ 1,588,474</u>	<u>\$ 34,930,170</u>
Governmental activities capital assets, net	<u>\$ 113,105,379</u>	<u>\$ 9,046,361</u>	<u>\$ 1,657,305</u>	<u>\$ 120,494,435</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 5—Capital Assets: (Continued)

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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Governmental Activities:				
Courthouse/courtyard renovations	\$ 271,095	\$ 191,728	-	\$ 462,823
New High School off-site infrastructure	5,001,075	722,523	-	5,723,598
Route 620 Bicycle trail	6,948	-	-	6,948
Laurel Valley bike trail project	4,605	-	-	4,605
Spillman park	73,314	-	-	73,314
Upgrade Board of Supervisors meeting room	80,388	-	-	80,388
Lenn Brothers property	10,000	31,572	-	41,572
Wachovia Bank renovation	458,897	1,044,686	-	1,503,583
Sheriff workstations	217,118	94,609	-	311,727
Courthouse renovations	25,509	-	-	25,509
Emergency services building	56,701	784,205	-	840,906
Water and sewer agreement diamond	120,961	39,039	-	160,000
Lenn Brothers park	3,590	28,932	-	32,522
County bicycle route	1,311	7,852	-	9,163
	<u>\$ 6,331,512</u>	<u>\$ 2,945,146</u>	<u>\$ -</u>	<u>\$ 9,276,658</u>
Total				

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 5—Capital Assets: (Continued)

Enterprise Capital Assets:

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

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 235,200	\$ -	\$ -	\$ 235,200
Construction in Progress	<u>1,178,789</u>	<u>242,214</u>	<u>40,256</u>	<u>1,380,747</u>
Total capital assets not being depreciated	<u>\$ 1,413,989</u>	<u>\$ 242,214</u>	<u>\$ 40,256</u>	<u>\$ 1,615,947</u>
Capital assets, being depreciated:				
Sewer Plant	\$ 2,985,592	\$ 40,256	\$ -	\$ 3,025,848
Equipment	<u>141,078</u>	<u>15,125</u>	<u>-</u>	<u>156,203</u>
Total capital assets being depreciated	<u>\$ 3,126,670</u>	<u>\$ 55,381</u>	<u>\$ -</u>	<u>\$ 3,182,051</u>
Less accumulated depreciation for:				
Sewer Plant	\$ 765,920	\$ 77,028	\$ -	\$ 842,948
Equipment	<u>42,041</u>	<u>13,562</u>	<u>-</u>	<u>55,603</u>
Total accumulated depreciation	<u>\$ 807,961</u>	<u>\$ 90,590</u>	<u>\$ -</u>	<u>\$ 898,551</u>
Total capital assets being depreciated, net	<u>\$ 2,318,709</u>	<u>\$ (35,209)</u>	<u>\$ -</u>	<u>\$ 2,283,500</u>
Net capital assets	<u>\$ 3,732,698</u>	<u>\$ 207,005</u>	<u>\$ 40,256</u>	<u>\$ 3,899,447</u>
Landfill Fund:				
Capital assets, not being depreciated:				
Land	<u>\$ 401,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,073</u>
Capital assets, being depreciated:				
Buildings	\$ 8,539	\$ -	\$ -	\$ 8,539
Equipment	<u>67,916</u>	<u>9,183</u>	<u>-</u>	<u>77,099</u>
Total capital assets being depreciated	<u>\$ 76,455</u>	<u>\$ 9,183</u>	<u>\$ -</u>	<u>\$ 85,638</u>
Less accumulated depreciation for:				
Buildings	\$ 426	\$ 213	\$ -	\$ 639
Equipment	<u>56,054</u>	<u>3,928</u>	<u>-</u>	<u>59,982</u>
Total accumulated depreciation	<u>\$ 56,480</u>	<u>\$ 4,141</u>	<u>\$ -</u>	<u>\$ 60,621</u>
Total capital assets being depreciated, net	<u>\$ 19,975</u>	<u>\$ 5,042</u>	<u>\$ -</u>	<u>\$ 25,017</u>
Net capital assets	<u>\$ 421,048</u>	<u>\$ 5,042</u>	<u>\$ -</u>	<u>\$ 426,090</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 5—Capital Assets: (Continued)

Enterprise Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Airport Fund:				
Capital assets, not being depreciated:				
Land	\$ 516,929	\$ -	\$ -	\$ 516,929
Construction in Progress	<u>258,769</u>	<u>882,565</u>	<u>-</u>	<u>1,141,334</u>
Total capital assets, not being depreciated	<u>\$ 775,698</u>	<u>\$ 882,565</u>	<u>\$ -</u>	<u>\$ 1,658,263</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 14,701,751	\$ -	\$ -	\$ 14,701,751
Equipment	<u>196,836</u>	<u>-</u>	<u>-</u>	<u>196,836</u>
Total capital assets being depreciated	<u>\$ 14,898,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,898,587</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,812,055	\$ 591,549	\$ -	\$ 3,403,604
Equipment	<u>93,090</u>	<u>21,504</u>	<u>-</u>	<u>114,594</u>
Total accumulated depreciation	<u>\$ 2,905,145</u>	<u>\$ 613,053</u>	<u>\$ -</u>	<u>\$ 3,518,198</u>
Total capital assets being depreciated, net	<u>\$ 11,993,442</u>	<u>\$ (613,053)</u>	<u>\$ -</u>	<u>\$ 11,380,389</u>
Net capital assets	<u>\$ 12,769,140</u>	<u>\$ 269,512</u>	<u>\$ -</u>	<u>\$ 13,038,652</u>
Water and Sewer Authority:				
Capital assets, not being depreciated:				
Land	\$ 1,092,320	\$ -	\$ -	\$ 1,092,320
Construction in progress:				
Clevenger's Village project	19,452,225	1,725,456	-	21,177,681
Master plan	<u>304,881</u>	<u>-</u>	<u>-</u>	<u>304,881</u>
Net capital assets	<u>\$ 20,849,426</u>	<u>\$ 1,725,456</u>	<u>\$ -</u>	<u>\$ 22,574,882</u>

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

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Airport Fund:				
Hangar Sewer Line Extension	\$ 5,820	\$ -	\$ -	\$ 5,820
Phase III archeological study	92,855	19,731	-	112,586
Airport Terminal - Construction	-	731,021	-	731,021
Airport terminal facility - design	<u>160,094</u>	<u>131,813</u>	<u>-</u>	<u>291,907</u>
Total	<u>\$ 258,769</u>	<u>\$ 882,565</u>	<u>\$ -</u>	<u>\$ 1,141,334</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 5—Capital Assets: (Continued)

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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Capital assets, not being depreciated:				
Land	\$ 200,151	\$ -	\$ -	\$ 200,151
Land improvements	<u>1,722,506</u>	<u>33,025</u>	<u>-</u>	<u>1,755,531</u>
Total capital assets, not being depreciated	<u>\$ 1,922,657</u>	<u>\$ 33,025</u>	<u>\$ -</u>	<u>\$ 1,955,682</u>
Capital assets, being depreciated:				
Buildings	\$ 25,430,910	\$ 38,000	\$ -	\$ 25,468,910
Equipment	16,362,874	763,270	50,832	17,075,312
Jointly owned assets	<u>13,989,895</u>	<u>2,179,057</u>	<u>-</u>	<u>16,168,952</u>
Total capital assets being depreciated	<u>\$ 55,783,679</u>	<u>\$ 2,980,327</u>	<u>\$ 50,832</u>	<u>\$ 58,713,174</u>
Less accumulated depreciation for:				
Buildings	\$ 14,480,794	\$ 902,038	\$ -	\$ 15,382,832
Equipment	10,161,346	1,271,909	21,180	11,412,075
Jointly owned assets	<u>2,750,668</u>	<u>615,161</u>	<u>-</u>	<u>3,365,829</u>
Total accumulated depreciation	<u>\$ 27,392,808</u>	<u>\$ 2,789,108</u>	<u>\$ 21,180</u>	<u>\$ 30,160,736</u>
Total capital assets being depreciated, net	<u>\$ 28,390,871</u>	<u>\$ 191,219</u>	<u>\$ 29,652</u>	<u>\$ 28,552,438</u>
School Board capital assets, net	<u>\$ 30,313,528</u>	<u>\$ 224,244</u>	<u>\$ 29,652</u>	<u>\$ 30,508,120</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the primary government and Component Unit School Board as follows:

Governmental activities:		
General government administration	\$	51,567
Judicial administration		7,493
Public safety		339,680
Public works		489,974
Health and welfare		13,889
Education		518,720
Parks, recreation and cultural		117,030
Community development		<u>46,259</u>
Total governmental activities	\$	<u><u>1,584,612</u></u>
Enterprise Funds:		
Landfill	\$	4,141
Water & sewer		90,590
Airport		<u>613,053</u>
Total enterprise funds	\$	<u><u>707,784</u></u>
Component Unit-School Board	\$	<u><u>2,173,947</u></u> (1)
(1) Depreciation Expense	\$	2,173,947
Joint tenancy transfer of accumulated depreciation		<u>615,161</u>
Total additions to accumulated depreciation, previous page	\$	<u><u>2,789,108</u></u>

Note 6—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 \$2,978,899 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$2,801,640 at June 30, 2009.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2009 but paid in advance by the taxpayers totaled \$177,259 at June 30, 2009.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

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

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Governmental Funds:					
School lease revenue bonds	\$ 54,200,000	\$ -	\$ 1,245,000	\$ 52,955,000	\$ 1,285,000
Premium on school bonds	897,113	-	35,885	861,228	35,884
Total School lease revenue bonds	<u>\$ 55,097,113</u>	<u>\$ -</u>	<u>\$ 1,280,885</u>	<u>\$ 53,816,228</u>	<u>\$ 1,320,884</u>
School general obligation bonds	\$ 21,976,836	-	2,223,838	\$ 19,752,998	\$ 2,215,845
Less deferred amount on refunding	<u>(433,710)</u>	<u>-</u>	<u>(44,781)</u>	<u>(388,929)</u>	<u>(44,334)</u>
Total School general obligation bonds	<u>\$ 21,543,126</u>	<u>\$ -</u>	<u>\$ 2,179,057</u>	<u>\$ 19,364,069</u>	<u>\$ 2,171,511</u>
Compensated absences payable	1,798,768	308,197	179,877	1,927,088	192,709
Other post employment benefits	-	56,000	46,000	10,000	-
Revenue note	15,000,000	-	7,500,000	7,500,000	7,500,000
Literary fund loans	-	7,500,000	-	7,500,000	375,000
Lease revenue bonds	7,482,945	-	337,063	7,145,882	349,548
General obligation bonds	<u>3,058,050</u>	<u>-</u>	<u>139,052</u>	<u>2,918,998</u>	<u>144,438</u>
Total Governmental Funds	<u>\$ 103,980,002</u>	<u>\$ 7,864,197</u>	<u>\$ 11,661,934</u>	<u>\$ 100,182,265</u>	<u>\$ 12,054,090</u>
Enterprise Funds:					
Compensated absences payable	\$ 48,310	\$ 12,049	\$ 4,831	\$ 55,528	\$ 5,553
Lease revenue bonds	1,566,896	-	190,059	1,376,837	200,341
Notes Payable	60,000	-	30,000	30,000	30,000
Landfill closure and postclosure costs	<u>781,885</u>	<u>35,600</u>	<u>-</u>	<u>817,485</u>	<u>35,540</u>
Total Enterprise Funds	<u>\$ 2,457,091</u>	<u>\$ 47,649</u>	<u>\$ 224,890</u>	<u>\$ 2,279,850</u>	<u>\$ 271,434</u>
Total Primary Government	<u>\$ 106,437,093</u>	<u>\$ 7,911,846</u>	<u>\$ 11,886,824</u>	<u>\$ 102,462,115</u>	<u>\$ 12,325,524</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Lease Revenue Bonds		School Lease Revenue Bonds		School General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 349,548	\$ 259,076	\$ 1,285,000	\$ 2,374,494	\$ 2,215,845	\$ 899,208
2011	362,493	246,130	1,330,000	2,329,519	1,692,635	793,984
2012	375,919	232,704	1,380,000	2,279,644	1,649,928	706,959
2013	389,842	218,781	1,435,000	2,227,894	1,550,230	626,808
2014	404,280	204,343	1,490,000	2,170,494	1,587,700	546,651
2015	419,253	189,370	1,550,000	2,110,894	1,625,716	464,061
2016	434,781	173,842	1,615,000	2,048,894	1,653,310	387,295
2017	450,884	157,739	1,695,000	1,968,144	1,686,512	309,342
2018	467,583	141,040	1,780,000	1,883,394	1,287,352	241,741
2019	484,901	123,722	1,870,000	1,794,394	1,318,862	184,385
2020	502,860	105,763	1,960,000	1,700,894	1,355,082	125,669
2021	521,485	87,139	2,060,000	1,602,894	1,387,506	72,947
2022	540,799	67,825	2,160,000	1,499,894	742,320	18,929
2023	560,827	47,795	2,270,000	1,391,894	-	-
2024	581,599	27,024	2,365,000	1,298,256	-	-
2025	298,828	5,483	2,460,000	1,200,700	-	-
2026	-	-	2,585,000	1,077,700	-	-
2027	-	-	2,715,000	948,450	-	-
2028	-	-	2,830,000	833,063	-	-
2029	-	-	2,950,000	712,787	-	-
2030	-	-	3,080,000	580,038	-	-
2031	-	-	3,220,000	441,437	-	-
2032	-	-	3,360,000	300,563	-	-
2033	-	-	3,510,000	153,562	-	-
Total	\$ <u>7,145,882</u>	\$ <u>2,287,776</u>	\$ <u>52,955,000</u>	\$ <u>34,929,897</u>	\$ <u>19,752,998</u>	\$ <u>5,377,979</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest: (Continued)

Year Ending June 30,	General Obligation Bonds		Revenue Note		Literary Fund Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 144,438	\$ 110,585	\$ 7,500,000	\$ 130,875	\$ 375,000	\$ 225,000
2011	150,034	104,990	-	-	375,000	213,750
2012	155,846	99,178	-	-	375,000	202,500
2013	161,882	93,141	-	-	375,000	191,250
2014	168,154	86,870	-	-	375,000	180,000
2015	174,667	80,356	-	-	375,000	168,750
2016	181,434	73,590	-	-	375,000	157,500
2017	188,462	66,561	-	-	375,000	146,250
2018	195,764	59,260	-	-	375,000	135,000
2019	203,348	51,676	-	-	375,000	123,750
2020	211,226	43,798	-	-	375,000	112,500
2021	219,410	35,615	-	-	375,000	101,250
2022	227,910	27,114	-	-	375,000	90,000
2023	236,740	18,284	-	-	375,000	78,750
2024	245,914	9,111	-	-	375,000	67,500
2025	53,769	1,006	-	-	375,000	56,250
2026	-	-	-	-	375,000	45,000
2027	-	-	-	-	375,000	33,750
2028	-	-	-	-	375,000	22,500
2029	-	-	-	-	375,000	11,250
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
Total	\$ <u>2,918,998</u>	\$ <u>961,135</u>	\$ <u>7,500,000</u>	\$ <u>130,875</u>	\$ <u>7,500,000</u>	\$ <u>2,362,500</u>

Debt service requirements for general obligation bonds and other long-term obligations are met by the General Fund. The County retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Enterprise:

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

Year Ending June 30,	Revenue Bonds		Note Payable
	Principal	Interest	Principal
2010	\$ 200,341	\$ 69,067	\$ 30,000
2011	211,180	57,961	-
2012	222,604	46,202	-
2013	234,647	33,833	-
2014	247,342	20,796	-
2015	260,723	7,053	-
Total	\$ <u>1,376,837</u>	\$ <u>234,912</u>	\$ <u>30,000</u>

Note: Any imputed interest on this note is not material to the financial statements.

Details of Long-Term Obligations:

	Amount Outstanding	Due Within One Year
General Fund:		
<u>Lease Revenue Bonds:</u>		
\$8,385,000 IDA Lease Revenue Bonds Series 2004 issued November 29, 2004 maturing semi-annually through July 15, 2024, interest payable semi-annually at 3.67%	\$ <u>7,145,882</u>	\$ <u>349,548</u>
<u>County General Obligation Bonds:</u>		
\$2,000,000 General Obligation Bonds Series 2003 issued December 19, 2003 maturing semi-annually through January 15, 2024, interest payable semi-annually at 3.91%	\$ 1,639,168	\$ 82,177
\$1,500,000 General Obligation Bonds Series 2004 issued November 29, 2004 maturing semi-annually through July 15, 2024, interest payable semi-annually at 3.74%	<u>1,279,830</u>	<u>62,261</u>
Total County general obligation bonds	\$ <u>2,918,998</u>	\$ <u>144,438</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
General Fund: (Continued)		
<u>School Lease Revenue Bonds:</u>		
\$54,200,000 Public Facility Lease Revenue Bonds, Series 2005, issued September 28, 2005 payable in various annual installments through January 1, 2033, interest 4.35%	\$ 52,955,000	\$ 1,285,000
Premium on bonds	<u>861,228</u>	<u>35,884</u>
Total school lease revenue bonds	<u>\$ 53,816,228</u>	<u>\$ 1,320,884</u>
<u>School General Obligation Bonds:</u>		
\$13,025,026 Virginia Public School Authority Bonds Series 2001B, issued November 15, 2001, maturing annually through July 15, 2021, interest payable semi-annually at 4.57%	\$ 8,811,932	\$ 619,400
\$12,000,000 Virginia Public School Authority Bonds 1994SA, issued April 1, 1994, to refund 1989B and 1990A maturing annually through December 15, 2009, interest payable semi-annually at rates from 7.000% to 7.225%	550,000	550,000
\$1,500,000 Virginia Public School Authority Bonds 1991A, issued May 1, 1991, maturing annually through December 15, 2010, interest payable semi-annually at rates from 6.1% to 8.1%	160,000	80,000
\$2,069,507 Virginia Public School Authority Bonds 1991B, issued July 1, 1991, maturing annually through July 15, 2011, interest payable semi-annually at rates from 4.85% to 6.60%	361,066	117,445
\$2,675,000 Virginia Public School Authority Bonds 1996A, issued May 1, 1996, maturing annually through January 15, 2017, interest payable semi-annually at rates ranging from 4.6% to 6.1%	1,080,000	135,000

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

General Fund: (Continued)	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>School General Obligation Bonds: (Continued)</u>		
\$6,000,000 Virginia Public School Authority Bonds 1996B, issued November 14, 1996, maturing annually through July 15, 2016, interest payable semi-annually at rates ranging from 5.1% to 5.255%	\$ 2,400,000	\$ 300,000
\$8,325,000 Series 2000, issued August 10, 2000, maturing annually in various annual installments through January 15, 2014, interest payable semi-annually at 5.33%	2,015,000	365,000
\$4,613,000 General Obligation Refunding Bond, Series 2003 dated August 6, 2003, principal payable annually in various incremental amounts through January 15, 2021, interest payable semi-annually at 7.35%	4,375,000	49,000
Less deferred amount on refunding bonds	<u>(388,929)</u>	<u>(44,334)</u>
Total school general obligation bonds	\$ <u>19,364,069</u>	\$ <u>2,171,511</u>
<u>Literary Fund Loan:</u>		
\$7,500,000 literary fund loan, issued January 15, 2009, principal payable annually in various incremental amounts through January 15, 2029, interest payable annually at 3.00%	\$ <u>7,500,000</u>	\$ <u>375,000</u>
<u>Revenue notes</u>		
\$7,500,000 revenue note, series 2006 issued December 19, 2006 payable on December 15, 2009, interest payable semi-annually on December 15 and June 15 at 3.49%	\$ <u>7,500,000</u>	\$ <u>7,500,000</u>
Total revenue notes	\$ <u>7,500,000</u>	\$ <u>7,500,000</u>
<u>Compensated absences</u>	\$ <u>1,927,088</u>	\$ <u>192,709</u>
<u>Other post employment benefits</u>	\$ <u>10,000</u>	\$ <u>-</u>
Net long-term obligations	\$ <u><u>100,182,265</u></u>	\$ <u><u>12,054,090</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Enterprise Funds:		
<u>Airport Revenue Bond:</u>		
\$2,835,000 revenue bonds series 1999 issued December 15, 1999, payable in annual principal installments ranging from \$131,436 to \$260,723 through July 15, 2014, interest payable semi-annually at 5.41%	\$ 1,376,837	\$ 200,341
<u>Note Payable:</u>		
\$150,000 note payable issued October 7, 2004, payable in annual principal installments of \$30,000 through October 1, 2009	30,000	30,000
<u>Compensated absences</u>	55,528	5,553
<u>Landfill closure and postclosure costs</u>	<u>817,485</u>	<u>35,540</u>
Total enterprise obligations	<u>\$ 2,279,850</u>	<u>\$ 271,434</u>
Total Primary Government	<u>\$ 102,462,115</u>	<u>\$ 12,325,524</u>

Component Unit School Board:

The following is summary of changes in long-term obligation transactions for fiscal year ended June 30, 2009.

	<u>Amounts Payable July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 898,570	\$ 148,277	\$ 89,857	\$ 956,990	\$ 95,699
Other post employment benefits	-	287,000	130,000	157,000	-
Capital lease	<u>1,975,101</u>	<u>-</u>	<u>531,100</u>	<u>1,444,001</u>	<u>560,144</u>
Total	<u>\$ 2,873,671</u>	<u>\$ 435,277</u>	<u>\$ 750,957</u>	<u>\$ 2,557,991</u>	<u>\$ 655,843</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit School Board: (Continued)

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

Year Ending June 30,	Capital Lease	
	Principal	Interest
2010	\$ 560,144	\$ 47,868
2011	428,354	28,665
2012	257,472	15,522
2013	198,031	6,947
Total	\$ 1,444,001	\$ 99,002

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>
<u>Capital Leases:</u>	
The School Board has entered into various lease obligations for financing the acquisition of buses. These buses were acquired with lease financing in the amount of \$2,840,696 and a total cost of \$2,840,696. Annual requirements to amortize School Board long-term obligations are disclosed above.	
\$730,562 capital lease for school buses payable in monthly installments of \$13,062 through September 14, 2009, interest payable at 2.80%.	\$ 39,005
\$771,772 capital lease for school buses payable in monthly installments of \$13,976 through October 1, 2010, interest payable at 3.41%.	218,301
\$627,209 capital lease for school buses payable in monthly installments of \$11,647 through July 17, 2011, interest payable at 4.34%.	277,932

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit School Board: (Continued)

Details of long-term obligations: (Continued)

	<u>Amount Outstanding</u>
<u>Capital Leases: (Continued)</u>	
\$305,029 capital lease for school buses payable in monthly installments of \$5,637 through September 1, 2012, interest payable at 4.14%.	\$ 200,431
\$1,377,368 capital lease for school buses payable in annual installments of \$193,704 through August 17, 2012, interest payable at 3.62%.	<u>708,332</u>
Total Capital Leases	<u>\$ 1,444,001</u>
Compensated absences	<u>\$ 956,990</u>
Other post employment benefits	<u>\$ 157,000</u>
Total long-term obligations	<u>\$ 2,557,991</u>

Note 8—Landfill Closure and Postclosure Care Cost:

The County owns a landfill site and began collecting tipping fees based upon the source of the waste as of July 1, 1994. The County maintains a contract with an independent contractor for operations of the landfill; however, the County is responsible for landfill closure and postclosure costs.

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 thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$817,485 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Landfill Fund.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 9—Commitments and Contingencies:

Federal programs in which the County and its Component Units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 10—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund 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's and School Board's non-professional employee contribution rates for the fiscal year ended 2009 were 8.07% and 7.57% of annual covered payroll, respectively.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

B. Funding Policy: (Continued)

The School Board’s contribution for professional employees were \$3,306,058, \$3,717,654, and \$3,045,961, to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008 and 2007, respectively and these contributions represented 8.81%, 10.30% and 9.20%, respectively, of current covered payroll.

C. Annual Pension Cost:

For fiscal year 2009, the County’s annual pension cost of \$1,200,273 (does not include the employee share assumed by the County which was \$743,664) was equal to the County’s required and actual contributions.

For fiscal year 2009, the County School Board’s annual pension cost for the Board’s non-professional employees was \$318,569 (does not include the employee share assumed by the Board which was \$210,416) which was equal to the Board’s required and actual contributions.

Three-Year Trend Information for the County and School Board:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2009	\$ 1,200,273	100%	\$ -
June 30, 2008	938,868	100%	-
June 30, 2007	875,463	100%	-
School Board:			
Non-professional:			
June 30, 2009	\$ 318,569	100%	\$ -
June 30, 2008	260,385	100%	-
June 30, 2007	214,461	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s and the County School Board’s assets is equal to the modified market value. 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 Boards unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the County's plan was 88.75% funded. The actuarial accrued liability for benefits was \$33,626,493, and the actuarial value of assets was \$29,842,741, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,783,752. The covered payroll (annual payroll of active employees covered by the plan) was \$15,324,711, and ratio of the UAAL to the covered payroll was 24.69%.

As of June 30, 2008, the most recent actuarial valuation date, the County School Board's plan was 94.69% funded. The actuarial accrued liability for benefits was \$8,144,710, and the actuarial value of assets was \$7,712,391, resulting in an unfunded actuarial accrued liability (UAAL) of \$432,319. The covered payroll (annual payroll of active employees covered by the plan) was \$4,182,308, and ratio of the UAAL to the covered payroll was 10.34%.

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 (AAL) for benefits.

Note 11—Risk Management:

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

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

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

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

Note 12—Litigation:

At June 30, 2009, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 13—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Janice Corbin, Clerk of the Circuit Court	\$ 25,000
David L. DeJarnette, Treasurer	400,000
Terry Yowell, Commissioner of the Revenue	3,000
James Branch, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Aetna Casualty and Surety Company - Surety	
Calvin Coleman, Director of the Department of Social Services	100,000
William C. Chase, Jr., Supervisor	1,000
Steven L. Walker, Supervisor	1,000
Steven E. Nixon, Supervisor	1,000
Thomas S. Underwood, Supervisor	1,000
Sue D. Hansohn, Supervisor	1,000
Bradley C. Rosenberger, Supervisor	1,000
Larry W. Aylor, Supervisor	1,000

Note 14—Construction Commitments:

At June 30, 2009 there are several major projects under construction which are summarized as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Expenditures as of June 30, 2009</u>	<u>Contract Balance</u>
Primary Government:			
Mountain Run Wastewater Treatment Plant	\$ 1,549,055	\$ 1,380,747	\$ 168,308
Airport Terminal	696,860	637,488	59,372
Total	<u>\$ 2,245,915</u>	<u>\$ 2,018,235</u>	<u>\$ 227,680</u>
Component Unit School Board:			
Yowell Elementary School	\$ 15,337,494	\$ 15,230,626	\$ 106,868
Total	<u>\$ 15,337,494</u>	<u>\$ 15,230,626</u>	<u>\$ 106,868</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 15—Other Post-Employment Benefits Program:

County:

A. Plan Description:

The County provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits. All full-time employees who retire with 30 years of service, or at age 62 with 5 years of service are eligible. Disabilities must meet service retirement eligibility to be eligible. Pre-Medicare retirees may continue to remain in the Key Care 100 Plan, which includes prescription drugs. Once the participant is Medicare eligible they are no longer eligible to remain in the plan.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees, the retirees pay 100% of the published rates for individual and dependant coverage until age 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation:

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 56,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	\$ 56,000
Contribution made	46,000
Increase in net OPEB obligation	\$ 10,000
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	\$ 10,000

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 56,000	82% \$	10,000

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$ 611,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	611,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

E. Actuarial Methods and Assumptions

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

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

In the June 21, 2007, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 21, 2007, was thirty years.

	<u>Unfunded</u>
Discount rate	4.0%
Payroll growth	3.5%

School Board:

A. Plan Description:

The School Board Extended Service Program offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has reached Level M (or equivalent years) or the top of the administrative schedule, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program.

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process. The school board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees the School Board pays \$256 per month towards the monthly premium and the retiree contributes remaining funds towards the monthly premium. Coverage ceases after seven years and there is no benefit provided after age 65. Surviving spouses are not allowed access to the plan.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$ 287,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>\$ 287,000</u>
Contribution made	<u>130,000</u>
Increase in net OPEB obligation	\$ 157,000
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	<u><u>\$ 157,000</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 287,000	45%	\$ 157,000

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

D. Funded Status and Funding Progress: (Continued)

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$ 2,484,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,484,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

E. Actuarial Methods and Assumptions

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

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

Cost Method

The entry age normal cost method is used to determine the plan's liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level of percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under this method, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

In the July 2, 2007, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 2, 2007, was thirty years.

	<u>Unfunded</u>
Discount rate	4.0%
Payroll growth	3.5%

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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Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 50,900,905	\$ 50,900,905	\$ 48,035,130	\$ (2,865,775)
Other local taxes	9,844,233	9,844,233	8,844,267	(999,966)
Permits, privilege fees and regulatory licenses	965,200	965,200	624,759	(340,441)
Fines and forfeitures	60,000	60,000	90,718	30,718
Revenue from use of money and property	844,288	844,288	584,203	(260,085)
Charges for services	2,254,736	2,309,210	2,724,504	415,294
Miscellaneous	55,000	115,309	287,627	172,318
Recovered costs	277,635	234,968	264,157	29,189
Intergovernmental:				
Commonwealth	9,912,302	12,573,130	12,028,450	(544,680)
Federal	1,848,902	2,860,903	6,076,961	3,216,058
Total revenues	\$ 76,963,201	\$ 80,708,146	\$ 79,560,776	\$ (1,147,370)
Expenditures:				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 266,522	\$ 244,741	\$ 231,183	\$ 13,558
General and financial administration:				
County administration	\$ 327,180	\$ 347,368	\$ 334,754	\$ 12,614
County attorney	338,292	335,292	266,804	68,488
Human resources	188,667	202,064	147,745	54,319
Procurement	225,505	227,562	208,935	18,627
Auditor	50,000	50,000	48,500	1,500
Commissioner of the Revenue	563,711	563,711	502,066	61,645
Reassessment	551,236	552,835	479,462	73,373
Board of equalization	14,955	14,955	14,080	875
Treasurer	508,140	508,140	428,211	79,929
Department of finance and budget	389,135	389,135	377,848	11,287
Information systems	451,145	452,064	369,674	82,390
Records management	179,000	179,386	151,562	27,824
Risk management	120,541	120,766	101,155	19,611
Other general and financial administration	14,800	24,500	22,873	1,627
Total general and financial administration	\$ 3,922,307	\$ 3,967,778	\$ 3,453,669	\$ 514,109
Board of Elections:				
Electoral board and officials	\$ 62,360	\$ 78,495	\$ 78,461	\$ 34
Registrar	133,992	159,720	159,701	19
Total board of elections	\$ 196,352	\$ 238,215	\$ 238,162	\$ 53
Total general government administration	\$ 4,385,181	\$ 4,450,734	\$ 3,923,014	\$ 527,720

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2009 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 84,174	\$ 84,174	\$ 82,487	\$ 1,687
Clerk of the circuit court	589,818	726,128	589,047	137,081
Victim assistance program	108,026	108,026	105,841	2,185
Sheriff	636,513	585,513	583,704	1,809
Other courts	<u>61,650</u>	<u>74,765</u>	<u>66,159</u>	<u>8,606</u>
Total courts	\$ <u>1,480,181</u>	\$ <u>1,578,606</u>	\$ <u>1,427,238</u>	\$ <u>151,368</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 728,251	\$ 743,690	\$ 724,373	\$ 19,317
Criminal justice services	<u>387,341</u>	<u>387,341</u>	<u>378,385</u>	<u>8,956</u>
Total judicial administration	\$ <u>2,595,773</u>	\$ <u>2,709,637</u>	\$ <u>2,529,996</u>	\$ <u>179,641</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,668,082	\$ 4,868,092	\$ 4,486,363	\$ 381,729
Other law enforcement and traffic control	158,374	247,720	194,707	53,013
E-911	<u>1,818,124</u>	<u>1,711,336</u>	<u>1,704,223</u>	<u>7,113</u>
Total law enforcement and traffic control	\$ <u>6,644,580</u>	\$ <u>6,827,148</u>	\$ <u>6,385,293</u>	\$ <u>441,855</u>
Fire and rescue services:				
Fire and rescue	\$ 1,152,748	\$ 1,291,573	\$ 1,290,699	\$ 874
EMS council	11,513	11,513	11,513	-
State forest fire extinction	<u>5,281</u>	<u>7,396</u>	<u>7,394</u>	<u>2</u>
Total fire and rescue services	\$ <u>1,169,542</u>	\$ <u>1,310,482</u>	\$ <u>1,309,606</u>	\$ <u>876</u>
Correction and detention:				
Sheriff	\$ 2,560,261	\$ 2,700,016	\$ 2,616,714	\$ 83,302
Outside jail services	360,000	385,000	344,200	40,800
Probation office	<u>476,100</u>	<u>476,100</u>	<u>358,279</u>	<u>117,821</u>
Total correction and detention	\$ <u>3,396,361</u>	\$ <u>3,561,116</u>	\$ <u>3,319,193</u>	\$ <u>241,923</u>
Inspections:				
Building	\$ <u>966,076</u>	\$ <u>967,786</u>	\$ <u>850,136</u>	\$ <u>117,650</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2009 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 638,326	\$ 703,144	\$ 632,839	\$ 70,305
Medical examiner	700	700	480	220
Emergency services	<u>1,729,007</u>	<u>1,792,988</u>	<u>1,642,761</u>	<u>150,227</u>
Total other protection	<u>\$ 2,368,033</u>	<u>\$ 2,496,832</u>	<u>\$ 2,276,080</u>	<u>\$ 220,752</u>
Total public safety	<u>\$ 14,544,592</u>	<u>\$ 15,163,364</u>	<u>\$ 14,140,308</u>	<u>\$ 1,023,056</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,219,829</u>	<u>\$ 1,553,514</u>	<u>\$ 1,419,945</u>	<u>\$ 133,569</u>
Total public works	<u>\$ 1,219,829</u>	<u>\$ 1,553,514</u>	<u>\$ 1,419,945</u>	<u>\$ 133,569</u>
Health and welfare:				
Health:				
Local health department	<u>\$ 316,203</u>	<u>\$ 316,203</u>	<u>\$ 316,203</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services	<u>\$ 400,135</u>	<u>\$ 400,135</u>	<u>\$ 400,135</u>	<u>\$ -</u>
Welfare:				
Community youth services	\$ 1,608,794	\$ 3,605,319	\$ 3,605,307	\$ 12
Culpeper cable comission	106,613	106,613	106,613	-
Options	202,089	252,481	227,594	24,887
Summer youth grant	-	97,407	12,077	85,330
Social services administration	5,535,523	6,889,265	7,173,339	(284,074)
Career resource center	426,035	426,035	188,062	237,973
Cosmetology center	173,970	173,970	173,798	172
Daycare	1,031,800	1,031,800	1,206,762	(174,962)
Families first	406,911	406,911	302,892	104,019
Headstart	<u>1,257,416</u>	<u>1,287,378</u>	<u>1,090,640</u>	<u>196,738</u>
Total welfare	<u>\$ 10,749,151</u>	<u>\$ 14,277,179</u>	<u>\$ 14,087,084</u>	<u>\$ 190,095</u>
Total health and welfare	<u>\$ 11,465,489</u>	<u>\$ 14,993,517</u>	<u>\$ 14,803,422</u>	<u>\$ 190,095</u>
Education:				
Contributions to community colleges	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contributions to Component Unit School Board	<u>31,997,529</u>	<u>31,997,529</u>	<u>30,583,952</u>	<u>1,413,577</u>
Total education	<u>\$ 32,002,529</u>	<u>\$ 32,002,529</u>	<u>\$ 30,588,952</u>	<u>\$ 1,413,577</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2009 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 567,765	\$ 574,124	\$ 481,015	\$ 93,109
Community complex	<u>374,013</u>	<u>387,457</u>	<u>349,738</u>	<u>37,719</u>
Total parks and recreation	\$ <u>941,778</u>	\$ <u>961,581</u>	\$ <u>830,753</u>	\$ <u>130,828</u>
Library:				
Library	\$ <u>1,024,921</u>	\$ <u>1,066,498</u>	\$ <u>1,027,217</u>	\$ <u>39,281</u>
Total parks, recreation and cultural	\$ <u>1,966,699</u>	\$ <u>2,028,079</u>	\$ <u>1,857,970</u>	\$ <u>170,109</u>
Community development:				
Planning and community development:				
Planning	\$ 665,314	\$ 712,809	\$ 553,472	\$ 159,337
Zoning board	5,544	5,544	742	4,802
Economic development	<u>928,077</u>	<u>1,430,577</u>	<u>1,190,793</u>	<u>239,784</u>
Total planning and community development	\$ <u>1,598,935</u>	\$ <u>2,148,930</u>	\$ <u>1,745,007</u>	\$ <u>403,923</u>
Environmental management:				
Soil and water conservation district	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>-</u>
Cooperative extension program:				
VPI extension	\$ <u>156,148</u>	\$ <u>156,148</u>	\$ <u>113,490</u>	\$ <u>42,658</u>
Total community development	\$ <u>1,805,083</u>	\$ <u>2,355,078</u>	\$ <u>1,908,497</u>	\$ <u>446,581</u>
Debt service:				
Principal retirement	\$ 3,944,953	\$ 3,944,953	\$ 3,944,953	\$ -
Interest and fiscal charges	<u>4,380,124</u>	<u>4,380,124</u>	<u>4,471,945</u>	<u>(91,821)</u>
Total debt service	\$ <u>8,325,077</u>	\$ <u>8,325,077</u>	\$ <u>8,416,898</u>	\$ <u>(91,821)</u>
Total expenditures	\$ <u>78,310,252</u>	<u>83,581,529</u>	\$ <u>79,589,002</u>	\$ <u>3,992,527</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(1,347,051)</u>	\$ <u>(2,873,383)</u>	\$ <u>(28,226)</u>	\$ <u>2,845,157</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 72,500	\$ 72,500
Transfers (out)	<u>(2,146,409)</u>	<u>(2,147,149)</u>	<u>(2,147,149)</u>	<u>-</u>
Total other financing sources (uses)	\$ <u>(2,146,409)</u>	\$ <u>(2,147,149)</u>	\$ <u>(2,074,649)</u>	\$ <u>72,500</u>
Changes in fund balances	\$ (3,493,460)	\$ (5,020,532)	\$ (2,102,875)	\$ 2,917,657
Fund balances at beginning of year	<u>3,493,460</u>	<u>5,020,532</u>	<u>26,408,179</u>	<u>21,387,647</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,305,304</u>	\$ <u>24,305,304</u>

Schedule of Funding Progress
Last Three Fiscal Years

Virginia Retirement System

County

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)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 29,842,741	\$ 33,626,493	\$ 3,783,752	88.75%	\$ 15,324,711	24.69%
6/30/2007	26,318,239	29,344,748	3,026,509	89.69%	14,277,379	21.20%
6/30/2006	22,799,415	24,885,228	2,085,813	91.62%	12,981,023	16.07%

Discretely Presented Component Unit - School Board
School Board Non-Professionals:

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)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 7,712,391	\$ 8,144,710	\$ 432,319	94.69%	\$ 4,182,308	10.34%
6/30/2007	6,572,229	7,096,974	524,745	92.61%	3,489,030	15.04%
6/30/2006	5,690,810	6,167,548	476,738	92.27%	2,931,628	16.26%

Other Post Employment Benefits

County

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)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/21/2007	\$ -	\$ 611,000	\$ 611,000	0.00%	N/A	N/A

Discretely Presented Component Unit - School Board

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)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/2/2007	\$ -	\$ 2,484,000	\$ 2,484,000	0.00%	N/A	N/A

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- Capital Projects Fund
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 15,040	\$ 15,040
Intergovernmental:				
School Board Contribution to Primary Government Commonwealth	-	4,532,080	4,532,080	-
	<u>2,510,000</u>	<u>2,510,000</u>	<u>-</u>	<u>(2,510,000)</u>
Total revenues	<u>\$ 2,510,000</u>	<u>\$ 7,042,080</u>	<u>\$ 4,547,120</u>	<u>\$ (2,494,960)</u>
Expenditures:				
Current:				
General government administration	\$ 130,000	\$ 866,194	\$ 293,055	\$ 573,139
Public safety	2,100,000	2,884,210	784,205	2,100,005
Public works	5,000	7,903,571	3,030,124	4,873,447
Education:				
School construction	-	4,532,080	4,532,080	-
Parks & recreation	460,000	1,638,958	47,952	1,591,006
Total expenditures	<u>\$ 2,695,000</u>	<u>\$ 17,825,013</u>	<u>\$ 8,687,416</u>	<u>\$ 9,137,597</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (185,000)</u>	<u>\$ (10,782,933)</u>	<u>\$ (4,140,296)</u>	<u>\$ 6,642,637</u>
Other financing sources (uses):				
Transfers in	\$ 185,000	\$ 185,000	\$ 185,000	\$ -
Issuance of refunding loan	-	-	7,500,000	7,500,000
Interim financing redeemed	-	-	(7,500,000)	(7,500,000)
Total other financing sources (uses)	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ -</u>
Changes in fund balances	<u>\$ -</u>	<u>\$ (10,597,933)</u>	<u>\$ (3,955,296)</u>	<u>\$ 6,642,637</u>
Fund balances at beginning of year	<u>-</u>	<u>10,597,933</u>	<u>1,730,757</u>	<u>(8,867,176)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,224,539)</u>	<u>\$ (2,224,539)</u>

Combining Statement of Fiduciary Net Assets -
 Agency Funds
 At June 30, 2009

	Special Welfare Fund	Sheriff Commissary Fund	Piedmont Tech Fund	Healthy Culpeper Fund	Thrift Store	Totals
Assets:						
Cash and cash equivalents	\$ 117,831	\$ 9,801	\$ -	\$ 28,449	\$ 189,647	\$ 345,728
Total assets	<u>\$ 117,831</u>	<u>\$ 9,801</u>	<u>\$ -</u>	<u>\$ 28,449</u>	<u>\$ 189,647</u>	<u>\$ 345,728</u>
Liabilities:						
Amounts held for others	\$ -	\$ -	\$ -	\$ 28,449	\$ 189,647	\$ 218,096
Amounts held for inmates	-	9,801	-	-	-	9,801
Amounts held for social services clients	<u>117,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,831</u>
Total liabilities	<u>\$ 117,831</u>	<u>\$ 9,801</u>	<u>\$ -</u>	<u>\$ 28,449</u>	<u>\$ 189,647</u>	<u>\$ 345,728</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 93,478	\$ 287,262	\$ 262,909	\$ 117,831
Liabilities:				
Amounts held for social services clients	\$ 93,478	\$ 287,262	\$ 262,909	\$ 117,831
Sheriff Commissary Fund:				
Assets:				
Cash and cash equivalents	\$ 6,742	\$ 149,372	\$ 146,313	\$ 9,801
Liabilities:				
Amounts held for inmates	\$ 6,742	\$ 149,372	\$ 146,313	\$ 9,801
Piedmont Tech Fund:				
Assets:				
Prepaid items	\$ 209	\$ -	\$ 209	\$ -
Total assets	\$ 209	\$ -	\$ 209	\$ -
Liabilities:				
Amounts held for others	\$ 209	\$ -	\$ 209	\$ -
Healthy Culpeper:				
Assets:				
Cash and cash equivalents	\$ 23,294	\$ 42,643	\$ 37,488	\$ 28,449
Liabilities:				
Amounts held for others	\$ 23,294	\$ 42,643	\$ 37,488	\$ 28,449
Thrift Store:				
Assets:				
Cash and cash equivalents	\$ 194,520	\$ 384,321	\$ 389,194	\$ 189,647
Liabilities:				
Amounts held for others	\$ 194,520	\$ 384,321	\$ 389,194	\$ 189,647
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 318,034	\$ 863,598	\$ 835,904	\$ 345,728
Prepaid items	209	-	209	-
Total assets	\$ 318,243	\$ 863,598	\$ 836,113	\$ 345,728
Liabilities:				
Amounts held for social services clients	\$ 93,478	\$ 287,262	\$ 262,909	\$ 117,831
Amounts held for inmates	6,742	149,372	146,313	9,801
Amounts held for others	218,023	426,964	426,891	218,096
Total liabilities	\$ 318,243	\$ 863,598	\$ 836,113	\$ 345,728

Combining Balance Sheet
 Governmental Funds - Discretely Presented Component Unit -- School Board
 At June 30, 2009

	Governmental Funds			Totals
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 15,032	\$ 1,267,931	\$ 6,775,898	\$ 8,058,861
Due from other governmental units	1,597,807	-	-	1,597,807
Due from primary government	5,796,824	-	-	5,796,824
Total assets	<u>\$ 7,409,663</u>	<u>\$ 1,267,931</u>	<u>\$ 6,775,898</u>	<u>\$ 15,453,492</u>
LIABILITIES				
Accounts payable	\$ 463,205	\$ -	\$ 325,000	\$ 788,205
Accrued liabilities	6,946,458	198,982	-	7,145,440
Total liabilities	<u>\$ 7,409,663</u>	<u>\$ 198,982</u>	<u>\$ 325,000</u>	<u>\$ 7,933,645</u>
FUND BALANCES				
Unreserved:				
Designated for subsequent expenditures	\$ -	\$ 1,068,949	\$ -	\$ 1,068,949
Designated for capital projects	-	-	6,450,898	6,450,898
Total fund balances	<u>\$ -</u>	<u>\$ 1,068,949</u>	<u>\$ 6,450,898</u>	<u>\$ 7,519,847</u>
Total liabilities and fund balances	<u>\$ 7,409,663</u>	<u>\$ 1,267,931</u>	<u>\$ 6,775,898</u>	

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the School Board as a whole.	\$ 30,508,120
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term are reported in the statement of net assets.	<u>(2,557,991)</u>
Net assets of General Government Activities	<u>\$ 35,469,976</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances --
 Governmental Funds - Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2009

	Governmental Fund Types			Totals
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	
Revenues:				
Revenue from use of money and property	\$ 124,569	\$ 5,719	\$ 50,671	\$ 180,959
Charges for services	134,054	1,739,218	-	1,873,272
Miscellaneous	666,700	62,435	-	729,135
Intergovernmental:				
County contribution to School Board	30,137,434	-	446,518	30,583,952
Commonwealth	35,899,556	40,232	-	35,939,788
Federal	2,917,723	1,450,164	-	4,367,887
Total revenues	\$ 69,880,036	\$ 3,297,768	\$ 497,189	\$ 73,674,993
Expenditures:				
Current:				
Education	\$ 69,310,412	\$ 3,185,273	\$ -	\$ 72,495,685
Capital projects	-	-	1,866	1,866
Contribution to primary government	-	-	4,532,080	4,532,080
Debt service:				
Principal retirement	531,100	-	-	531,100
Interest and other fiscal charges	38,524	-	-	38,524
Total expenditures	\$ 69,880,036	\$ 3,185,273	\$ 4,533,946	\$ 77,599,255
Changes in fund balances	\$ -	\$ 112,495	\$ (4,036,757)	\$ (3,924,262)
Fund balances at beginning of year	-	956,454	10,487,655	11,444,109
Fund balances at end of year	\$ -	\$ 1,068,949	\$ 6,450,898	\$ 7,519,847

COUNTY OF CULPEPER, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds - Budget and Actual -- Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2009

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 124,569	\$ 124,569
Charges for services	-	-	134,054	134,054
Miscellaneous	483,000	483,000	666,700	183,700
Intergovernmental:				
County contribution to School Board	31,551,011	31,551,011	30,137,434	(1,413,577)
Commonwealth	37,395,393	37,395,393	35,899,556	(1,495,837)
Federal	3,194,738	3,194,738	2,917,723	(277,015)
Total revenues	\$ 72,624,142	\$ 72,624,142	\$ 69,880,036	\$ (2,744,106)
Expenditures:				
Current:				
Education:				
Instruction	\$ 53,193,053	\$ 53,093,053	\$ 51,662,140	\$ 1,430,913
Administration, attendance and health	4,085,147	4,085,147	3,463,452	621,695
Pupil transportation	3,940,833	4,040,833	4,033,413	7,420
Operation and maintenance of school plant	8,193,117	8,045,102	7,460,619	584,483
Facilities	128,319	176,334	176,334	-
Technology instruction	2,514,006	2,614,006	2,514,454	99,552
School food service	-	-	-	-
Total education	\$ 72,054,475	\$ 72,054,475	\$ 69,310,412	\$ 2,744,063
Capital Projects	-	-	-	-
Contribution to primary government	-	-	-	-
Debt service:				
Principal retirement	531,100	531,100	531,100	-
Interest and other fiscal charges	38,567	38,567	38,524	43
Total expenditures	\$ 72,624,142	\$ 72,624,142	\$ 69,880,036	\$ 2,744,106
Changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				School Capital Projects Fund			
Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ 5,719	\$ 5,719	\$ -	\$ -	\$ 50,671	\$ 50,671
2,060,230	2,210,230	1,739,218	(471,012)	-	-	-	-
-	-	62,435	62,435	-	-	-	-
-	-	-	-	446,518	446,518	446,518	-
40,445	40,445	40,232	(213)	-	-	-	-
1,040,000	1,040,000	1,450,164	410,164	-	-	-	-
<u>\$ 3,140,675</u>	<u>\$ 3,290,675</u>	<u>\$ 3,297,768</u>	<u>\$ 7,093</u>	<u>\$ 446,518</u>	<u>\$ 446,518</u>	<u>\$ 497,189</u>	<u>\$ 50,671</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,140,675</u>	<u>3,290,675</u>	<u>3,185,273</u>	<u>105,402</u>	-	-	-	-
\$ 3,140,675	\$ 3,290,675	\$ 3,185,273	\$ 105,402	\$ -	\$ -	\$ -	\$ -
-	-	-	-	446,518	6,782,765	1,866	6,780,899
-	-	-	-	-	4,532,080	4,532,080	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,140,675</u>	<u>\$ 3,290,675</u>	<u>\$ 3,185,273</u>	<u>\$ 105,402</u>	<u>\$ 446,518</u>	<u>\$ 11,314,845</u>	<u>\$ 4,533,946</u>	<u>\$ 6,780,899</u>
\$ -	\$ -	\$ 112,495	\$ 112,495	\$ -	\$ (10,868,327)	\$ (4,036,757)	\$ 6,831,570
-	-	956,454	956,454	-	10,868,327	10,487,655	(380,672)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,949</u>	<u>\$ 1,068,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,450,898</u>	<u>\$ 6,450,898</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

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

Net changes in fund balances - total governmental funds \$ (3,924,262)

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 expense in the current period:

Capital asset additions	\$	834,295	
Loss on disposition of capital assets		(29,652)	
Depreciation expense		<u>(2,173,947)</u>	(1,369,304)

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. This amount reflects the change in accrued leave, sabbatical leave, and other post employment benefits:

Accrued leave	\$	(58,420)	
Sabbatical leave		149,160	
Other post employment benefits		<u>(157,000)</u>	(66,260)

The issuance of long-term debt (e.g. 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. Details of this adjustment are as follows:

Principal retired on capital lease obligations	\$	531,100	531,100
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Transfer of joint tenancy assets from Primary Government to the Component Unit School Board			<u>1,563,896</u>
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Change in net assets of governmental activities	\$		<u><u>(3,264,830)</u></u>
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Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 31,839,340	\$ 31,839,340	\$ 32,307,572	\$ 468,232
Real and personal public service corporation property taxes	660,357	660,357	947,993	287,636
Personal property taxes	16,365,775	16,365,775	12,289,548	(4,076,227)
Mobile home taxes	19,116	19,116	17,957	(1,159)
Machinery and tools taxes	1,566,317	1,566,317	1,701,735	135,418
Penalties	300,000	300,000	473,949	173,949
Interest	150,000	150,000	296,376	146,376
Total general property taxes	<u>\$ 50,900,905</u>	<u>\$ 50,900,905</u>	<u>\$ 48,035,130</u>	<u>\$ (2,865,775)</u>
Other local taxes:				
Local sales and use taxes	\$ 5,088,933	\$ 5,088,933	\$ 4,518,626	\$ (570,307)
Transient occupancy tax	16,000	16,000	16,888	888
Consumer utility taxes	2,172,300	2,172,300	2,020,957	(151,343)
Franchise license taxes	100,000	100,000	131,447	31,447
Motor vehicle licenses tax	750,000	750,000	648,490	(101,510)
Taxes on recordation and wills	942,000	942,000	760,296	(181,704)
E-911 Taxes	775,000	775,000	747,563	(27,437)
Total other local taxes	<u>\$ 9,844,233</u>	<u>\$ 9,844,233</u>	<u>\$ 8,844,267</u>	<u>\$ (999,966)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 19,200	\$ 19,200	\$ 37,388	\$ 18,188
Building and related permits	800,000	800,000	359,064	(440,936)
Other permits and licenses	146,000	146,000	228,307	82,307
Total permits, privilege fees and regulatory licenses	<u>\$ 965,200</u>	<u>\$ 965,200</u>	<u>\$ 624,759</u>	<u>\$ (340,441)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 90,718	\$ 30,718
Revenue from use of money and property:				
Revenue from use of money	\$ 600,000	\$ 600,000	\$ 383,407	\$ (216,593)
Revenue from use of property	244,288	244,288	200,796	(43,492)
Total revenue from use of money and property	<u>\$ 844,288</u>	<u>\$ 844,288</u>	<u>\$ 584,203</u>	<u>\$ (260,085)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Excess fees of clerk	\$ 52,180	\$ 52,180	\$ 85,828	\$ 33,648
Charges for Commonwealth's attorney	1,000	1,000	1,047	47
Charges for parks and recreation	138,491	138,491	71,333	(67,158)
Charges for law enforcement and traffic control	9,000	9,000	21,369	12,369
Charges for courthouse maintenance fees	16,000	16,000	16,683	683
Charges for courthouse and courtroom security fees	73,209	73,209	88,248	15,039
Charges for other protection	47,600	96,681	87,784	(8,897)
Charges for library	41,000	46,393	49,248	2,855
Charges for revenue recovery	657,065	657,065	566,496	(90,569)
Charges for planning and community development	18,421	18,421	1,724	(16,697)
Charges for law library	15,000	15,000	16,108	1,108
Cosmetology fees	153,970	153,970	182,048	28,078
Charges for daycare	1,031,800	1,031,800	1,536,588	504,788
Total charges for services	<u>\$ 2,254,736</u>	<u>\$ 2,309,210</u>	<u>\$ 2,724,504</u>	<u>\$ 415,294</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 55,000</u>	<u>\$ 115,309</u>	<u>\$ 287,627</u>	<u>\$ 172,318</u>
Total miscellaneous revenue	<u>\$ 55,000</u>	<u>\$ 115,309</u>	<u>\$ 287,627</u>	<u>\$ 172,318</u>
Recovered costs:				
Wheels for work	\$ -	\$ -	\$ 31,489	\$ 31,489
Town of Culpeper E-911	259,942	217,275	215,025	(2,250)
Payments from localities	17,693	17,693	17,643	(50)
Total recovered costs	<u>\$ 277,635</u>	<u>\$ 234,968</u>	<u>\$ 264,157</u>	<u>\$ 29,189</u>
Total revenue from local sources	<u>\$ 65,201,997</u>	<u>\$ 65,274,113</u>	<u>\$ 61,455,365</u>	<u>\$ (3,818,748)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 14,420	\$ 14,420	\$ -	\$ (14,420)
Wine taxes	15,115	15,115	-	(15,115)
Motor vehicle carriers' tax	30,272	30,272	34,347	4,075
Recordation tax	202,081	202,081	230,684	28,603
Mobile home titling taxes	9,570	9,570	8,784	(786)
PPTRA	-	-	3,367,808	3,367,808
Auto rental tax	25,000	25,000	49,275	24,275
Total noncategorical aid	<u>\$ 296,458</u>	<u>\$ 296,458</u>	<u>\$ 3,690,898</u>	<u>\$ 3,394,440</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 364,851	\$ 379,283	\$ 394,671	\$ 15,388
Sheriff	2,628,953	2,628,953	1,966,255	(662,698)
Commissioner of the Revenue	136,395	136,395	134,172	(2,223)
Treasurer	135,378	135,378	135,065	(313)
Registrar/electoral board	51,257	51,257	51,827	570
Clerk of the Circuit Court	272,914	325,958	301,927	(24,031)
Combined Court	10,000	10,000	6,139	(3,861)
Total shared expenses	\$ 3,599,748	\$ 3,667,224	\$ 2,990,056	\$ (677,168)
Other categorical aid:				
Welfare administration and assistance	\$ 4,071,634	\$ 4,525,538	\$ 1,601,941	\$ (2,923,597)
Local jail	260,150	260,150	180,510	(79,640)
Abandoned vehicle program	9,450	9,450	-	(9,450)
Fire service program	65,000	65,000	66,939	1,939
Families first grant	232,907	232,907	278,289	45,382
Options	22,000	169,664	61,082	(108,582)
Library aid	166,069	181,167	173,625	(7,542)
E-911 wireless	57,117	57,117	74,334	17,217
Two for life funds	39,000	39,000	42,459	3,459
Community youth services grant	757,791	2,227,616	2,020,118	(207,498)
Juvenile and domestic relations	68,488	68,488	67,639	(849)
Governor's opportunity fund	-	500,000	500,000	-
Criminal justice services	237,022	237,022	227,309	(9,713)
Crime victim assistance	12,954	12,954	12,954	-
Other categorical aid	16,514	23,375	40,297	16,922
Total other categorical aid	\$ 6,016,096	\$ 8,609,448	\$ 5,347,496	\$ (3,261,952)
Total categorical aid	\$ 9,615,844	\$ 12,276,672	\$ 8,337,552	\$ (3,939,120)
Total revenue from the Commonwealth	\$ 9,912,302	\$ 12,573,130	\$ 12,028,450	\$ (544,680)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 358,323	\$ 1,216,537	\$ 3,586,175	\$ 2,369,638
Welfare administration and assistance - ARRA	-	-	68,882	68,882
Adult services grant	426,035	426,035	176,206	(249,829)
Department of justice grants	-	37,500	41,319	3,819
VSTOP grant	35,000	35,000	30,625	(4,375)
Emergency services	10,750	10,750	10,750	-
State fiscal stabilization fund	-	-	831,939	831,939
Victim witness grant	51,814	51,814	51,814	-
Homeland security grant	-	-	161,050	161,050
USDA grant funds	-	29,962	91,656	61,694
Headstart	966,980	966,980	980,733	13,753
E-911 grant	-	20,000	20,000	-
Law enforcement grant	-	46,325	-	(46,325)
DMV selective enforcement grant	-	20,000	25,812	5,812
Total revenue from the federal government	<u>\$ 1,848,902</u>	<u>\$ 2,860,903</u>	<u>\$ 6,076,961</u>	<u>\$ 3,216,058</u>
Total General Fund	<u>\$ 76,963,201</u>	<u>\$ 80,708,146</u>	<u>\$ 79,560,776</u>	<u>\$ (1,147,370)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 15,040	\$ 15,040
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,040</u>	<u>\$ 15,040</u>
Intergovernmental revenue:				
School Board Contribution to Primary Government	<u>\$ -</u>	<u>\$ 4,532,080</u>	<u>\$ 4,532,080</u>	<u>\$ -</u>
Revenue from the Commonwealth:				
Categorical aid:				
Parks and recreation grant	\$ 410,000	\$ 410,000	\$ -	\$ (410,000)
Department of corrections grant	<u>2,100,000</u>	<u>2,100,000</u>	<u>-</u>	<u>(2,100,000)</u>
Total revenue from the Commonwealth	<u>\$ 2,510,000</u>	<u>\$ 2,510,000</u>	<u>\$ -</u>	<u>\$ (2,510,000)</u>
Total Capital Projects Fund	<u>\$ 2,510,000</u>	<u>\$ 7,042,080</u>	<u>\$ 4,547,120</u>	<u>\$ (2,494,960)</u>
Grand Total Revenues -- Primary Government	<u>\$ 79,473,201</u>	<u>\$ 87,750,226</u>	<u>\$ 84,107,896</u>	<u>\$ (3,642,330)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 5	\$ 5
Revenue from use of property	-	-	124,564	124,564
Total revenue from use of money and property	\$ -	\$ -	\$ 124,569	\$ 124,569
Charges for services:				
Textbook sales	\$ -	\$ -	\$ 1,499	\$ 1,499
Transportation and field trips	-	-	45,496	45,496
Tuition and fees	-	-	87,059	87,059
Total charges for services	\$ -	\$ -	\$ 134,054	\$ 134,054
Miscellaneous revenue:				
Miscellaneous	\$ 483,000	\$ 483,000	\$ 666,700	\$ 183,700
Total miscellaneous revenue	\$ 483,000	\$ 483,000	\$ 666,700	\$ 183,700
Total revenue from local sources	\$ 483,000	\$ 483,000	\$ 925,323	\$ 442,323
Intergovernmental revenue:				
County contribution to School Board	\$ 31,551,011	\$ 31,551,011	\$ 30,137,434	\$ (1,413,577)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,322,911	\$ 6,322,911	\$ 5,871,330	\$ (451,581)
Basic school aid	21,979,999	21,979,999	21,556,904	(423,095)
Special education-SOQ	1,905,550	1,905,550	1,850,836	(54,714)
Primary class size	500,846	500,846	467,433	(33,413)
Gifted and talented	193,500	193,500	187,944	(5,556)
Remedial education	336,521	336,521	326,859	(9,662)
Third grade remedial	130,787	130,787	-	(130,787)
Vocational education-SOQ	395,412	395,412	384,059	(11,353)
Educational technology	284,000	284,000	313,395	29,395
At - risk	203,284	203,284	197,377	(5,907)
Lottery	1,002,244	1,002,244	-	(1,002,244)
Textbook	498,556	498,556	484,241	(14,315)
Fringe benefits	2,456,603	2,456,603	2,386,067	(70,536)
ESL	296,156	296,156	255,061	(41,095)
School construction	185,457	185,457	996,208	810,751
Other categorical aid	703,567	703,567	621,842	(81,725)
Total categorical aid	<u>\$ 37,395,393</u>	<u>\$ 37,395,393</u>	<u>\$ 35,899,556</u>	<u>\$ (1,495,837)</u>
Total revenue from the Commonwealth	<u>\$ 37,395,393</u>	<u>\$ 37,395,393</u>	<u>\$ 35,899,556</u>	<u>\$ (1,495,837)</u>
Revenue from the federal government:				
Categorical aid:				
Chapter I	\$ 919,400	\$ 919,400	\$ 900,962	\$ (18,438)
Chapter I - ARRA	-	-	3,608	3,608
Title II -- Part A	246,000	246,000	248,049	2,049
Drug free schools	15,336	15,336	22,275	6,939
Title VI - B	1,197,525	1,197,525	1,281,919	84,394
Preschool incentive	42,596	42,596	41,866	(730)
Technology grant	-	-	9,021	9,021
Immigrant and youth grant	-	-	5,419	5,419
School improvement grant	-	-	125,001	125,001
Title III	41,000	41,000	49,926	8,926
Vocational education	94,000	94,000	87,264	(6,736)
21st century learning grant	145,800	145,800	142,413	(3,387)
Miscellaneous federal grants	493,081	493,081	-	(493,081)
Total revenue from the federal government	<u>\$ 3,194,738</u>	<u>\$ 3,194,738</u>	<u>\$ 2,917,723</u>	<u>\$ (277,015)</u>
Total School Operating Fund	<u>\$ 72,624,142</u>	<u>\$ 72,624,142</u>	<u>\$ 69,880,036</u>	<u>\$ (2,744,106)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 5,719	\$ 5,719
Charges for services:				
Cafeteria sales	2,060,230	2,210,230	1,739,218	(471,012)
Miscellaneous revenue:				
Miscellaneous	-	-	62,435	62,435
Total revenue from local sources	<u>\$ 2,060,230</u>	<u>\$ 2,210,230</u>	<u>\$ 1,807,372</u>	<u>\$ (402,858)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 40,445	\$ 40,445	\$ 40,232	\$ (213)
Total revenue from the Commonwealth	<u>\$ 40,445</u>	<u>\$ 40,445</u>	<u>\$ 40,232</u>	<u>\$ (213)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,040,000	\$ 1,040,000	\$ 1,450,164	\$ 410,164
Total revenue from the federal government	<u>\$ 1,040,000</u>	<u>\$ 1,040,000</u>	<u>\$ 1,450,164</u>	<u>\$ 410,164</u>
Total School Cafeteria Fund	<u>\$ 3,140,675</u>	<u>\$ 3,290,675</u>	<u>\$ 3,297,768</u>	<u>\$ 7,093</u>
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 50,671	\$ 50,671
Intergovernmental revenue:				
County contribution to School Board	446,518	446,518	446,518	-
Total School Capital Projects Fund	<u>\$ 446,518</u>	<u>\$ 446,518</u>	<u>\$ 497,189</u>	<u>\$ 50,671</u>
Grand Total Revenues--Component Unit--School Board	<u>\$ 76,211,335</u>	<u>\$ 76,361,335</u>	<u>\$ 73,674,993</u>	<u>\$ (2,686,342)</u>
Grand Total Revenues -- Reporting Entity	<u>\$ 155,684,536</u>	<u>\$ 164,111,561</u>	<u>\$ 157,782,889</u>	<u>\$ (6,328,672)</u>

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Description	Table #
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Net Assets by Component	1
Changes in Net Assets	2
Governmental Activities Tax Revenues by Source (Accrual Basis of Accounting)	3
Fund Balances of Governmental Funds	4
Changes in Fund Balances of Governmental Funds	5
Governmental Activities Tax Revenues by Source (Modified Accrual Basis of Accounting)	6
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Assessed Value of Taxable Property	7
Property Tax Rates	8
Principal Taxpayers	9
Property Tax Levies and Collections	10
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	11
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	12
Computation of Direct and Overlapping Bonded Debt	13
Demographic and Economic Information	
This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Demographic and Economic Statistics	14
Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	
Principal Employers	15
Full-time Equivalent County Government Employees by Function	16
Operating Indicators by Function	17

Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

COUNTY OF CULPEPER, VIRGINIA

Net Assets by Component
 Last Eight Fiscal Years
 (Accrual Basis of Accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 7,329,859	\$ 6,486,359	\$ 6,935,344
Restricted	5,103,876	4,419,784	5,558,267
Unrestricted	12,117,203	18,533,545	19,919,678
Total governmental activities net assets	<u>\$ 24,550,938</u>	<u>\$ 29,439,688</u>	<u>\$ 32,413,289</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 7,781,918	\$ 9,112,272	\$ 11,934,526
Unrestricted	1,133,550	(64,870)	(82,002)
Total primary government expenses	<u>\$ 8,915,468</u>	<u>\$ 9,047,402</u>	<u>\$ 11,852,524</u>
Primary government			
Invested in capital assets, net of related debt	\$ 15,111,777	\$ 15,598,631	\$ 18,869,870
Restricted	5,103,876	4,419,784	5,558,267
Unrestricted	13,250,753	18,468,675	19,837,676
Total primary government	<u>\$ 33,466,406</u>	<u>\$ 38,487,090</u>	<u>\$ 44,265,813</u>

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34.

Table 1

	2005	2006	2007	2008	2009
\$	14,986,153	\$ 10,685,692	\$ 14,961,689	\$ 18,469,361	\$ 25,331,224
	285,663	291,256	-	-	-
	24,746,856	(16,216,855)	4,410,152	18,933,684	18,086,410
\$	<u>40,018,672</u>	<u>(5,239,907)</u>	<u>19,371,841</u>	<u>37,403,045</u>	<u>43,417,634</u>
\$	13,272,556	\$ 16,010,805	\$ 25,343,202	\$ 36,145,416	\$ 38,532,234
	420,504	1,219,337	(1,011,200)	4,832,584	3,592,573
\$	<u>13,693,060</u>	<u>(4,020,570)</u>	<u>24,332,002</u>	<u>40,978,000</u>	<u>42,124,807</u>
\$	28,258,709	\$ 26,696,497	\$ 40,304,891	\$ 54,614,777	\$ 63,863,458
	285,663	291,256	-	-	-
	25,167,360	(14,997,518)	3,398,952	23,766,268	21,678,983
\$	<u>53,711,732</u>	<u>11,990,235</u>	<u>43,703,843</u>	<u>78,381,045</u>	<u>85,542,441</u>

Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006	2007	2008	2009
Expenses:								
Governmental activities:								
General government administration	\$ 2,021,301	\$ 2,468,960	\$ 2,499,392	\$ 2,953,543	\$ 3,543,334	\$ 3,853,551	\$ 4,081,639	\$ 4,256,847
Judicial administration	1,589,341	1,629,071	1,740,818	1,969,364	2,069,759	2,205,424	2,457,649	2,373,026
Public safety	6,248,448	7,633,263	9,103,918	10,081,478	12,172,591	13,041,979	14,246,020	14,047,751
Public works	415,475	864,885	1,283,304	1,479,809	1,352,053	1,189,262	3,575,121	3,130,874
Health and welfare	7,196,456	8,278,682	10,142,768	10,379,264	11,967,563	12,836,396	14,807,178	14,814,505
Education	5,594,190	20,107,328	22,735,578	23,427,804	77,431,819	34,846,547	31,778,033	32,740,398
Parks, recreation, and cultural	1,048,520	1,069,204	1,095,318	1,100,173	1,262,842	1,740,458	1,870,925	1,970,055
Community development	818,280	895,279	956,662	1,120,188	1,329,556	1,268,077	1,486,477	1,962,771
Capital outlays	300,424	485,137	-	-	-	-	-	-
Nondepartmental	70,825	-	-	-	-	-	-	-
Interest and other fiscal charges	1,027,750	1,992,258	1,770,141	1,862,068	4,411,072	4,329,496	4,529,751	4,378,949
Total governmental activities expenses	\$ 26,331,010	\$ 45,424,067	\$ 51,327,899	\$ 54,373,691	\$ 115,540,589	\$ 75,311,190	\$ 78,832,793	\$ 79,675,176
Business-type activities:								
Landfill	1,845,751	1,984,407	2,646,458	2,782,599	3,275,796	3,363,244	3,297,771	2,707,086
Water and sewer	151,347	188,694	288,077	429,363	487,099	648,395	606,918	668,330
Airport	606,666	684,971	698,619	835,945	1,313,602	1,424,084	1,522,674	1,590,711
Water and sewer authority	-	-	-	563	8,157	947	23,117	68,256
Total business-type activities expenses	\$ 2,603,764	\$ 2,858,072	\$ 3,633,154	\$ 4,048,470	\$ 5,084,654	\$ 5,436,670	\$ 5,450,480	\$ 5,034,383
Total primary government expenses	\$ 28,934,774	\$ 48,282,139	\$ 54,961,053	\$ 58,422,161	\$ 120,625,243	\$ 80,747,860	\$ 84,283,273	\$ 84,709,559
Program revenues:								
Governmental activities:								
Charges for services:								
General government administration	\$ -	\$ 56,078	\$ 5,314	\$ -	\$ -	\$ -	\$ -	\$ 566,496
Judicial administration	75,230	167,192	435,977	443,567	402,299	370,614	283,699	298,632
Public safety	678,283	793,213	1,328,513	2,184,845	122,835	1,677,223	1,499,059	733,912
Public works	15,166	17,616	18,083	-	-	18,642	-	-
Health and welfare	659,403	771,698	880,732	1,085,833	1,199,314	1,142,631	1,673,477	1,718,636
Parks, recreation, and cultural	66,474	68,785	111,668	133,158	155,619	144,187	479,094	120,581
Community development	71,460	188,124	149,030	2,040	2,153,675	57,060	5,107	1,724
Operating grants and contributions:								
General government administration	316,878	246,005	241,638	472,252	278,320	327,369	354,849	321,064
Judicial administration	610,274	886,897	887,111	566,048	1,357,127	1,390,202	761,272	702,737
Public safety	2,972,100	2,649,665	2,795,970	3,551,388	2,951,304	2,962,762	3,730,211	3,852,005
Public works	-	26,494	6,593	-	-	-	30,014	-
Health and welfare	5,046,627	5,463,176	6,235,198	6,963,769	7,761,645	7,266,594	8,658,725	8,865,082
Parks, recreation, and cultural	138,661	125,966	132,616	151,407	-	177,794	183,091	173,625
Community development	5,000	5,000	5,000	45,182	-	-	-	500,000
Capital grants and contributions	2,630,620	96,202	4,850	-	1,282,500	26,335,715	26,042,891	7,483,680
Total governmental activities program revenues	\$ 13,286,176	\$ 11,562,111	\$ 13,238,293	\$ 15,599,489	\$ 17,664,638	\$ 41,870,793	\$ 43,701,489	\$ 25,338,174

Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006	2007	2008	2009
Program revenues: (Continued)								
Business-type activities:								
Charges for services:								
Landfill	\$ 1,222,639	\$ 1,291,907	\$ 1,672,544	\$ 2,288,332	\$ 2,667,679	\$ 2,650,528	\$ 2,469,848	\$ 1,587,384
Water and sewer	43,460	27,967	165,484	99,073	131,796	115,968	193,935	161,933
Airport	499,981	454,852	425,059	537,790	618,393	712,810	729,831	783,149
Operating grants and contributions:								
Water and sewer	-	-	-	-	-	800	-	-
Airport	-	-	-	-	-	11,627	-	-
Capital grants and contributions	1,933,446	980,844	3,809,913	496,474	3,244,989	5,950,655	12,222,118	1,686,515
Total business-type activities program revenues	\$ 3,699,526	\$ 2,755,570	\$ 6,073,000	\$ 3,421,669	\$ 6,662,857	\$ 9,442,388	\$ 15,615,732	\$ 4,218,981
Total primary government program revenues	\$ 16,985,702	\$ 14,317,681	\$ 19,311,293	\$ 19,021,158	\$ 24,327,495	\$ 51,313,181	\$ 59,317,221	\$ 29,557,155
Net (expense) / revenue								
Governmental activities	\$ (13,044,834)	\$ (33,861,956)	\$ (38,089,606)	\$ (38,774,202)	\$ (97,875,951)	\$ (33,440,397)	\$ (35,131,304)	\$ (54,337,002)
Business-type activities	1,095,762	(102,502)	2,439,846	(626,801)	1,578,203	4,005,718	10,165,252	(815,402)
Total primary government net expense	\$ (11,949,072)	\$ (33,964,458)	\$ (35,649,760)	\$ (39,401,003)	\$ (96,297,748)	\$ (29,434,679)	\$ (24,966,052)	\$ (55,152,404)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
General property taxes	\$ 22,684,654	\$ 24,428,142	\$ 29,451,312	\$ 32,650,412	\$ 36,481,179	\$ 44,768,171	\$ 44,724,837	\$ 48,819,205
Local sales and use taxes	3,659,581	3,830,741	4,671,523	5,426,631	5,525,376	5,071,523	5,103,979	4,518,626
Consumer utility taxes	1,270,679	1,548,822	1,780,313	1,771,697	2,005,108	2,020,722	2,067,744	2,020,957
E-911 taxes	453,131	564,149	818,349	807,345	841,571	804,259	888,885	747,563
Taxes on recordation and wills	368,118	504,444	729,478	1,602,899	1,866,077	1,246,208	875,739	760,296
Motor vehicle license taxes	503,264	660,875	692,057	710,746	737,060	522,458	61,738	648,490
Other local taxes	6,379	82,972	127,444	119,993	125,896	115,545	157,284	148,335
Unrestricted revenues from use of money and property	551,748	417,562	342,699	890,239	1,743,951	2,264,532	1,819,900	599,243
Miscellaneous	514,260	347,492	493,592	593,142	566,864	256,774	923,303	287,627
Grants and contributions not restricted to specific programs	2,803,975	3,385,516	3,454,276	3,493,550	3,979,168	3,841,914	3,712,251	3,690,898
Transfers	(731,622)	(210,667)	(1,229,716)	(1,687,068)	(1,878,878)	(2,859,961)	(6,253,652)	(1,889,649)
Total governmental activities	\$ 32,084,167	\$ 35,560,048	\$ 41,331,327	\$ 46,379,586	\$ 51,993,372	\$ 58,052,145	\$ 54,082,008	\$ 60,351,591
Business-type activities:								
Unrestricted revenues from use of money and property	\$ 101,266	\$ 23,769	\$ 8,565	\$ 21,465	\$ 80,001	\$ 236,184	\$ 227,094	\$ 72,560
Miscellaneous	-	-	-	84,976	-	-	-	-
Transfers	731,622	210,667	1,229,716	1,687,068	1,878,878	2,859,961	6,253,652	1,889,649
Total business-type activities	\$ 832,888	\$ 234,436	\$ 1,238,281	\$ 1,793,509	\$ 1,958,879	\$ 3,096,145	\$ 6,480,746	\$ 1,962,209
Total primary government	\$ 32,917,055	\$ 35,794,484	\$ 42,569,608	\$ 48,173,095	\$ 53,952,251	\$ 61,148,290	\$ 60,562,754	\$ 62,313,800
Change in Net Assets								
Governmental activities	\$ 19,039,333	\$ 1,698,092	\$ 3,241,721	\$ 7,605,384	\$ (45,882,579)	\$ 24,611,748	\$ 18,950,704	\$ 6,014,589
Business-type activities	1,928,650	131,934	3,678,127	1,166,708	3,537,082	7,101,863	16,645,998	1,146,807
Total primary government	\$ 20,967,983	\$ 1,830,026	\$ 6,919,848	\$ 8,772,092	\$ (42,345,497)	\$ 31,713,611	\$ 35,596,702	\$ 7,161,396

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34.

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Governmental Activities Tax Revenues by Source
 Last Eight Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	E-911 Taxes	Taxes on Recordation and Wills	Motor Vehicle License Taxes	Other Local Taxes	Total
2009	\$ 48,819,205	\$ 4,518,626	\$ 2,020,957	\$ 747,563	\$ 760,296	\$ 648,490	\$ 148,335	\$ 57,663,472
2008	44,724,837	5,103,979	2,067,744	888,885	875,739	61,738	157,284	53,880,206
2007	44,768,171	5,071,523	2,020,722	804,259	1,246,208	522,458	115,545	54,548,886
2006	36,481,179	5,525,376	2,005,108	841,571	1,866,077	737,060	125,896	47,582,267
2005	32,650,412	5,426,631	1,771,697	807,345	1,602,899	710,746	119,993	43,089,723
2004	29,451,312	4,671,523	1,780,313	818,349	729,478	692,057	127,444	38,270,476
2003	24,428,142	3,830,741	1,548,822	564,149	504,444	660,875	82,972	31,620,145
2002	22,684,654	3,659,581	1,270,679	453,131	368,118	503,264	6,379	28,945,806

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34.

COUNTY OF CULPEPER, VIRGINIA

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund				
Unreserved, designated for subsequent expenditures	\$ 1,236,532	\$ 873,752	\$ 974,489	\$ 728,048
Unreserved, designated for capital projects	2,000,000	2,000,000	2,000,000	2,000,000
Unreserved, undesignated	<u>8,913,716</u>	<u>13,559,576</u>	<u>16,641,192</u>	<u>19,421,365</u>
Total general fund	<u>\$ 12,150,248</u>	<u>\$ 16,433,328</u>	<u>\$ 19,615,681</u>	<u>\$ 22,149,413</u>
All other governmental funds				
Unreserved, reported in:				
Capital projects funds (deficit)	<u>\$ 3,921,929</u>	<u>\$ 3,791,706</u>	<u>\$ 2,129,387</u>	<u>\$ 1,691,736</u>

Table 4

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 384,276	\$ 1,271,174	\$ 1,758,229	\$ 1,618,995	\$ 3,004,067	\$ 2,067,984
2,500,000	3,515,262	3,592,005	1,892,005	2,392,005	1,606,334
<u>22,557,008</u>	<u>28,591,969</u>	<u>31,589,504</u>	<u>33,394,462</u>	<u>21,012,107</u>	<u>20,630,986</u>
<u>\$ 25,441,284</u>	<u>\$ 33,378,405</u>	<u>\$ 36,939,738</u>	<u>\$ 36,905,462</u>	<u>\$ 26,408,179</u>	<u>\$ 24,305,304</u>
<u>\$ 2,673,991</u>	<u>\$ 3,209,396</u>	<u>\$ 942,798</u>	<u>\$ 3,970,503</u>	<u>\$ 1,730,757</u>	<u>\$ (2,224,539)</u>

COUNTY OF CULPEPER, VIRGINIA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2000	2001	2002	2003
Revenues:				
General property taxes	\$ 19,515,562	\$ 21,292,619	\$ 22,575,874	\$ 24,445,197
Other local taxes	5,628,625	5,993,067	6,261,152	7,192,003
Permits, privilege fees and regulatory licenses	376,368	602,886	712,117	941,713
Fines and forfeitures	55,042	24,781	41,576	79,245
Revenue from use of money and property	1,121,867	2,530,417	558,458	417,562
Charges for services	2,141,159	2,249,626	812,323	1,041,748
Miscellaneous	1,050,828	1,155,186	614,260	375,177
Recovered costs	312,203	349,084	440,647	268,332
Intergovernmental:				
School Board Contribution to Primary Government	-	-	492,125	-
Commonwealth	25,851,848	27,619,708	8,613,011	8,842,861
Federal	4,456,072	5,283,271	4,069,872	4,042,061
Total revenues	\$ 60,509,574	\$ 67,100,645	\$ 45,191,415	\$ 47,645,899
Expenditures:				
General government administration	\$ 2,125,686	\$ 2,353,277	\$ 2,084,606	\$ 2,517,002
Judicial administration	1,384,594	1,513,634	1,542,471	1,592,045
Public safety	5,605,724	6,723,010	8,296,028	8,086,713
Public works	1,759,381	1,091,607	1,637,318	1,408,116
Health and welfare	5,518,988	6,101,477	7,677,139	8,274,809
Education	37,942,037	44,342,339	16,340,189	17,540,633
Parks, recreation, and cultural	731,991	886,620	910,902	963,445
Community development	3,593,303	3,383,600	881,217	886,467
Nondepartmental	1,768	12,628	70,825	-
Debt service:				
Principal retirement	1,443,594	1,357,557	1,518,820	2,072,871
Interest and other fiscal charges	1,073,166	1,566,187	1,523,903	1,997,050
Total expenditures	\$ 61,180,232	\$ 69,331,936	\$ 42,483,418	\$ 45,339,151
Excess (deficiency) of revenues over expenditures	\$ (670,658)	\$ (2,231,291)	\$ 2,707,997	\$ 2,306,748
Other financing sources (uses):				
Transfers in	\$ 2,835,000	\$ 2,883,687	\$ 3,421,923	\$ 900,064
Transfers (out)	(4,387,480)	(1,788,903)	(4,153,545)	(1,110,731)
Issuance of debt	3,486,136	22,000,000	(240,432)	-
Retirement of temporary financing	-	-	-	-
Total other financing sources (uses)	\$ 1,933,656	\$ 23,094,784	\$ (972,054)	\$ (210,667)
Net changes in fund balances	\$ 1,262,998	\$ 20,863,493	\$ 1,735,943	\$ 2,096,081
Debt service as a percentage of noncapital expenditures	4.11%	4.22%	7.16%	9.13%

Table 5

	2004	2005	2006	2007	2008	2009
\$	29,211,381	\$ 32,807,959	\$ 36,264,828	\$ 44,232,779	\$ 44,178,683	\$ 48,035,130
	8,819,164	10,439,311	11,101,087	9,780,716	9,155,369	8,844,267
	1,365,250	2,114,590	2,161,763	1,488,884	916,830	624,759
	96,481	78,609	60,453	96,752	52,278	90,718
	342,699	890,239	1,743,951	2,264,532	1,819,900	599,243
	1,467,586	1,656,244	1,811,526	1,824,721	2,971,328	2,724,504
	493,592	593,142	566,864	256,774	923,303	287,627
	151,654	234,058	96,416	173,423	219,596	264,157
	-	-	931,966	26,383,458	26,042,891	4,532,080
	9,135,443	9,437,555	10,336,751	10,996,233	12,275,773	12,028,450
	4,319,666	5,806,041	5,990,813	4,970,402	5,154,640	6,076,961
\$	<u>55,402,916</u>	<u>64,057,748</u>	<u>71,066,418</u>	<u>102,468,674</u>	<u>103,710,591</u>	<u>84,107,896</u>
\$	2,511,990	\$ 2,848,257	\$ 3,568,370	\$ 3,849,822	\$ 4,021,814	\$ 4,216,069
	1,715,860	1,939,838	2,074,360	2,327,462	2,511,337	2,529,996
	10,085,949	15,567,826	14,426,133	12,604,801	14,676,760	14,924,513
	2,619,766	1,594,033	2,794,585	3,359,350	3,776,003	4,450,069
	10,051,059	10,578,388	12,005,443	12,719,822	14,799,765	14,803,422
	18,907,168	20,663,339	86,810,240	58,987,181	59,897,360	35,121,032
	1,152,737	5,154,782	1,850,341	2,110,261	1,842,207	1,905,922
	923,585	1,097,985	1,285,455	1,219,129	1,454,190	1,908,497
	-	-	-	-	-	-
	2,065,422	2,218,067	2,340,953	2,584,746	2,652,946	3,944,953
	1,771,917	1,643,638	3,405,806	4,352,710	4,561,586	4,471,945
\$	<u>51,805,453</u>	<u>63,306,153</u>	<u>130,561,686</u>	<u>104,115,284</u>	<u>110,193,968</u>	<u>88,276,418</u>
\$	<u>3,597,463</u>	<u>751,595</u>	<u>(59,495,268)</u>	<u>(1,646,610)</u>	<u>(6,483,377)</u>	<u>(4,168,522)</u>
\$	2,065,500	\$ 878,232	\$ 2,102,435	\$ 5,719,630	\$ 4,026,294	\$ 257,500
	(3,295,216)	(2,565,300)	(3,981,313)	(8,579,591)	(10,279,946)	(2,147,149)
	2,045,098	9,408,000	62,668,881	7,500,000	-	7,500,000
	-	-	-	-	-	(7,500,000)
\$	<u>815,382</u>	<u>7,720,932</u>	<u>60,790,003</u>	<u>4,640,039</u>	<u>(6,253,652)</u>	<u>(1,889,649)</u>
\$	<u>4,412,845</u>	<u>8,472,527</u>	<u>1,294,735</u>	<u>2,993,429</u>	<u>(12,737,029)</u>	<u>(6,058,171)</u>
	<u>7.71%</u>	<u>7.30%</u>	<u>4.99%</u>	<u>9.33%</u>	<u>9.21%</u>	<u>10.83%</u>

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Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	E-911 Taxes	Taxes on Recordation and Wills	Vehicle License Taxes	Other Local Taxes	Total
2000	\$ 19,515,562	\$ 3,503,357	\$ 1,093,641	\$ 350,107	\$ 151,957	\$ 453,088	\$ 76,475	\$ 25,144,187
2001	21,292,619	3,562,482	1,235,153	374,641	269,317	474,808	76,666	27,285,686
2002	22,575,874	3,659,581	1,270,679	453,131	368,118	503,264	6,379	28,837,026
2003	24,445,197	3,830,741	1,548,822	564,149	504,444	660,875	82,972	31,637,200
2004	29,211,381	4,671,523	1,780,313	818,349	729,478	692,057	127,444	38,030,545
2005	32,807,959	5,426,631	1,771,697	807,345	1,602,899	710,746	119,993	43,247,270
2006	36,264,828	5,525,376	2,005,108	841,571	1,866,077	737,060	125,896	47,365,916
2007	44,232,779	5,071,523	2,020,722	804,259	1,246,208	522,458	115,546	54,013,495
2008	44,178,683	5,103,979	2,067,744	888,885	875,739	61,738	157,284	53,334,052
2009	48,035,130	4,518,626	2,020,957	747,563	760,296	648,490	148,335	56,879,397

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Direct Tax Rate	Personal Property	Direct Tax Rate	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total
1999-00	\$ 1,803,944,800	\$ 0.74	\$ 89,792,599	\$ 6.25	\$ 3,206,000	\$ 28,408,306	\$ 51,454	\$ 106,218,265	\$ 2,031,621,431
2000-01	1,856,943,600	0.82	264,000,872	2.50 (1)	3,268,700	77,810,297 (1)	-	94,661,009	2,296,684,481
2001-02	1,911,199,400	0.88	281,868,312	2.50	3,335,500	85,457,408	-	109,358,826	2,391,219,449
2002-03	1,992,958,160	0.92	349,665,282	2.50	3,586,900	72,912,837	-	106,588,172	2,525,711,354
2003-04	2,921,047,300	0.81	329,442,255	2.50	3,862,000	68,045,868	-	132,231,633	3,454,629,059
2004-05	3,066,157,290	0.89	342,808,625	2.50	3,947,400	63,700,993	-	98,285,489	3,574,899,800
2005-06	3,288,965,945	0.89	413,325,227	2.50	4,198,000	63,833,497	-	82,981,016	3,853,303,688
2006-07	3,569,349,706	0.89	461,389,729	3.50	4,328,700	69,929,639	-	70,651,384	4,175,649,162
2007-08	5,684,632,826	0.56	465,336,481	3.50	3,258,200	78,284,880	-	130,007,368	6,361,519,759
2008-09	5,747,238,496	0.61	482,347,707	3.50	3,129,900	84,569,648	-	145,637,364	6,462,923,119

(1) In fiscal year 2000-01 the Commissioner of Revenue changed assessment methodology from 40% fair market value to 100% fair market value. All other amounts are at 100% fair market value.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Real Estate	Personal Property	Machinery and Tools	Merchants' Capital
1999-00	\$ 0.74	\$ 6.25	\$ 5.00	\$ 0.10
2000-01	0.82	2.50	(2) 2.00	(2) -
2001-02	0.88	2.50	2.00	-
2002-03	0.92	2.50	2.00	-
2003-04	0.81	2.50	2.00	-
2004-05	0.89	2.50	2.00	-
2005-06	0.89	2.50	2.00	-
2006-07 (3)	0.89	3.50	2.00	-
2007-08 (3)	0.56	3.50	2.00	-
2008-09 (3)	0.61	3.50	2.00	-

(1) Per \$100 of assessed value

(2) In fiscal year 2000-01 the Board of Supervisors changed tax rates as the result of a change in assessment methodology as disclosed in table 7.

(3) In fiscal year 2006-07 the Board of Supervisors split the personal property rate between recreational, aircraft and non-recreational. The recreational PP rate is \$2.50; the aircraft rate is \$.63 and the non-recreational rate is \$3.50.

COUNTY OF CULPEPER, VIRGINIA

Principal Taxpayers
 Current Year and Nine Years Ago

Taxpayer	Type of Business	2009		
		Assessed Valuation	Rank	% of Total Assessed Valuation
Continental Teves	Manufacturing	\$ 47,035,309	1	0.73%
SWIFT, Inc.	Communications	43,038,877	2	0.67%
Dominion Square-Culpeper, LLC	Shopping Center	18,047,200	3	0.28%
Wal-Mart	Retail	14,409,396	4	0.22%
Centex Homes	Real Estate	12,548,300	5	0.19%
Friendship Heights, LLC	Real Estate	12,211,300	6	0.19%
NAP of the Capital Region, LLC	Datacenter	12,146,000	7	0.19%
Continental 181 Fund, LLC	Real Estate	12,124,400	8	0.19%
Culpeper Regency LLC	Shopping Center	12,017,600	9	0.19%
Masco Builder Cabinet Group	Manufacturing	11,267,652	10	0.17%
Packard Humanities	Foundation	n/a	n/a	n/a
Communications Corp. of America	Consulting/mail services	n/a	n/a	n/a
Rochester Corp	Cable Manufacturer	n/a	n/a	n/a
Key Corp. Capital	Leasing	n/a	n/a	n/a
Culpeper Commons, LP	Furniture Mfg.	n/a	n/a	n/a
Keller Mfg. Co., Inc.	Furniture Mfg.	n/a	n/a	n/a
Medical Facilities of America	Nursing Home	n/a	n/a	n/a
Totals		\$ 194,846,034		3.01%

Table 9

2000		
Assessed Valuation	Rank	% of Total Assessed Valuation
\$ 20,535,791	2	1.01%
32,703,811	1	1.60%
n/a	n/a	n/a
15,806,394	3	0.77%
n/a	n/a	n/a
12,841,800	4	0.63%
11,083,770	5	0.54%
10,691,602	6	0.52%
6,720,594	7	0.33%
6,167,900	8	0.30%
4,194,300	9	0.21%
4,167,600	10	0.20%
\$ 124,913,562		6.11%

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Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent (1) Tax (2) Collections	Total Collections to Date	
		Amount (1)(3)	Percent of Levy		Amount (1)	Percent of Levy
1999-00	\$ 19,908,616	\$ 19,238,696	96.64%	\$ 615,846	\$ 19,854,542	99.73%
2000-01	22,779,724	21,764,061	95.54%	959,699	22,723,760	99.75%
2001-02	25,171,456	24,210,243	96.18%	892,604	25,102,847	99.73%
2002-03	27,954,349	26,484,236	94.74%	1,354,462	27,838,698	99.59%
2003-04	31,558,554	31,079,517	98.48%	376,681	31,456,198	99.68%
2004-05	35,078,394	34,416,374	98.11%	557,567	34,973,941	99.70%
2005-06	38,550,624	37,955,740	98.46%	438,892	38,394,632	99.60%
2006-07	47,041,990	45,981,659	97.75%	788,255	46,769,914	99.42%
2007-08	47,790,504	45,702,905	95.63%	1,357,465	47,060,370	98.47%
2008-09	51,559,488	49,120,376	95.27%	-	49,120,376	95.27%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes revenue from the Commonwealth for Personal Property Tax Relief Act.

COUNTY OF CULPEPER, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	County General Obligation Bonds	Lease Revenue Bonds	Notes Payable	Literary Loans	School Lease Revenue Bonds	School General Obligation Bonds
2000	\$ -	\$ -	\$ 1,325,000	\$ -	\$ -	\$ 15,427,186
2001	-	-	15,000,000	-	-	22,507,995
2002	-	-	-	-	-	34,047,488
2003	-	-	-	-	-	31,997,685
2004	2,000,000	-	-	-	-	30,615,263
2005	3,437,827	8,385,000	-	-	-	28,459,369
2006	3,320,794	8,121,388	7,500,000	-	54,200,000	26,313,341
2007	3,191,917	7,807,970	15,000,000	-	54,200,000	24,170,890
2008	3,058,050	7,482,945	15,000,000	-	54,200,000	21,976,836
2009	2,918,998	7,145,882	7,500,000	7,500,000	52,955,000	19,752,998

(1) Weldon Cooper Website

Table 11

<u>Business-Type Activities</u>			<u>Personal Income (1) (amounts expressed in thousands)</u>	<u>Percentage of Personal Income</u>	<u>Population (1)</u>	<u>Per Capita</u>
<u>Lease Revenue Bonds</u>	<u>Notes Payable</u>	<u>Total Primary Government</u>				
\$ 2,835,000	\$ -	\$ 19,587,186	\$ 909,261	2.15%	34,494	\$ 568
2,650,492	-	40,158,487	985,554	4.07%	35,467	1,132
2,519,056	-	36,566,544	1,012,658	3.61%	36,893	991
2,380,509	-	34,378,194	1,081,190	3.18%	38,585	891
2,234,467	-	34,849,730	1,163,567	3.00%	40,151	868
2,080,524	150,000	42,512,720	1,287,136	3.30%	43,154	985
1,918,252	120,000	101,493,775	1,397,986	7.26%	45,000	2,255
1,747,201	90,000	106,207,978	1,453,905	7.31%	48,074	2,209
1,566,896	60,000	103,344,727	1,512,062	6.83%	46,085	2,242
1,376,837	30,000	99,179,715	1,491,076	6.65%	47,517	2,087

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
1999-00	34,494	\$ 2,031,621,431	\$ 19,587,186	0.96%	\$ 568
2000-01	35,467	2,296,684,481	25,158,487	1.10%	709
2001-02	36,893	2,391,219,449	34,047,488	1.42%	923
2002-03	38,585	2,525,711,354	31,997,685	1.27%	829
2003-04	40,151	3,454,629,059	32,615,263	0.94%	812
2004-05	43,154	3,574,899,800	31,897,196	0.89%	739
2005-06	45,000	3,853,303,688	93,873,775	2.44%	2,086
2006-07	48,074	4,175,649,162	91,117,978	2.18%	1,895
2007-08	46,085	6,361,519,759	88,284,727	1.39%	1,916
2008-09	47,517	6,462,923,119	91,649,715	1.42%	1,929

(1) Bureau of the Census.

(2) From Table 7

(3) Includes all long-term General Obligation Bonded Debt, Bond Anticipation Notes, and Literary Fund loans. Excludes revenue bonds, capital leases, and compensated absences.

Computation of Direct and Overlapping Bonded Debt
At June 30, 2009

Direct:(1)

County of Culpeper, Virginia	\$	91,649,715	100%	\$	91,649,715
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The County of Culpeper has no overlapping debt.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>	<u>Personal Income (3) (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (2)</u>
1999-00	34,494	5,555	1.60%	\$ 909,261	\$ 26,360
2000-01	35,467	5,594	1.60%	985,554	27,788
2001-02	36,893	5,777	2.10%	1,012,658	27,449
2002-03	38,585	6,002	3.50%	1,081,190	28,146
2003-04	40,151	6,260	2.60%	1,163,567	29,996
2004-05	43,154	6,408	3.20%	1,287,136	30,689
2005-06	45,000	6,893	3.20%	985,554	31,649
2006-07	48,074	7,194	3.20%	1,453,905	32,915
2007-08	46,085	7,232	5.10%	1,512,062	34,232
2008-09	47,517	7,223	8.30%	1,491,076	32,703

(1) U. S. Census Bureau

(2) Virginia Employment Commission

(3) Weldon Cooper Website

Principal Employers
Current Year and Five Years Ago

Employer	Fiscal Year 2009			Fiscal Year 2004		
	Employees	% of Total County Employment	Rank	Employees	% of Total County Employment	Rank
Culpeper County Public Schools	1,490	9.74%	1	1,000	5.73%	1
Culpeper Regional Hospital	600	3.92%	2	600	3.44%	2
Wal Mart	598	3.91%	3	438	2.51%	3
County of Culpeper	400	2.61%	4	400	2.29%	4
Builder's First Source	370	2.42%	5	300	1.72%	7
Coffeewood Correctional Center	350	2.29%	6	350	2.01%	5
Masco Builder Cabinet Group	340	2.22%	7	n/a	n/a	n/a
Continental Teves	316	2.07%	8	218	1.25%	10
Va. Dept. of Transportation	284	1.86%	9	300	1.63%	8
Cintas	265	1.73%	10	265	1.52%	9
Merillat Industries, Inc.	340	2.22%	11	302	1.95%	6
Totals	<u>5,353</u>			<u>4,173</u>		
Totals	<u>15,298</u>			<u>17,437</u>		

Source: Individual County departments.

Data for fiscal year 2000 is not available.

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	27	29	29	28	31	38	39	40	45	44
Judicial administration	25	26	28	28	28	28	29	33	33	33
Public safety										
Sheriffs department	66	68	70	73	76	77	76	90	90	90
E911	13	13	15	15	15	17	17	20	20	18
Fire & rescue/emergency services	6	6	6	7	9	11	11	24	24	24
Building inspections	7	8	8	8	11	13	13	17	17	14
Animal control	5	5	5	8	9	10	10	10	10	10
Public works										
General maintenance	6	6	6	5	2	3	3	5	5	3
Landfill	4	4	4	4	4	4	5	6	6	6
Water & Sewer	1	1	1	1	1	1	1	1	2	5
Health and welfare (Options/CSA)										
Department of social services	5	5	2	2	2	3	3	3	4	3
	43	51	52	84	80	86	86	98	100	100
Culture and recreation										
Parks and recreation	3	3	3	4	4	4	5	5	5	5
Library	4	5	5	5	5	5	5	7	7	7
Community development										
Planning	5	6	6	6	6	7	7	7	7	7
Economic Development	2	2	2	2	2	2	2	2	2	2
Airport	2	2	2	2	2	2	2	2	2	1
Totals	<u>224</u>	<u>240</u>	<u>244</u>	<u>282</u>	<u>287</u>	<u>311</u>	<u>314</u>	<u>370</u>	<u>379</u>	<u>372</u>

Source: FY adopted budgets

Operating Indicators by Function
Last Eight Fiscal Years

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Sheriff	Physical arrests	2,223	2,558	2,416	2,644	2,658	2,908	1,273	1,612
	Traffic violations	1,935	1,984	1,468	1,306	2,733	2,011	1,248	2,651
Fire Protection	Number of stations	7	7	7	7	7	7	7	7
Community Development	Residential building permits	513	530	829	1,091	757	1,440	167	163
Parks and Recreation	Number of parks and recreation facilities	3	3	3	3	3	3	3	7
	Number of libraries	1	1	1	1	1	1	1	1

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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 Culpeper, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Culpeper, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Culpeper, Virginia's basic financial statements and have issued our report thereon dated December 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Culpeper, 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 Culpeper, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Culpeper, 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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 Culpeper, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Robinson, Farmer, Co. Associates
Charlottesville, Virginia
December 1, 2009

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of
The Board of Supervisors
County of Culpeper, Virginia

Compliance

We have audited the compliance of the County of Culpeper, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Culpeper, 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 Culpeper, Virginia's management. Our responsibility is to express an opinion on the County of Culpeper, 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 Culpeper, 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 Culpeper, Virginia's compliance with those requirements.

In our opinion, the County of Culpeper, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of Culpeper, 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 Culpeper, 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 Culpeper, Virginia's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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 entity'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 entity's internal control.

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

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

Robinson, Farmer, Co. Associates

Charlottesville, Virginia
December 1, 2009

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
Primary Government:		
Department of Agriculture:		
Pass through payments:		
Department of Social Services:		
State administration matching grants for supplemental nutrition assistance programs	10.561	\$ 581,071
Child and adult care food program	10.558	<u>91,656</u>
Total Department of Agriculture		\$ <u>672,727</u>
Department of Aviation:		
Pass Through Payments:		
Department of Aviation:		
Airport improvement program	20.106	\$ <u>134,506</u>
Department of Health and Human Services:		
Direct Payments:		
Head start	93.600	\$ 980,733
Pass Through Payments:		
Department of Social Services:		
Promoting safe and stable families	93.556	23,353
Temporary assistance for needy families	93.558	547,283
Refugee and entrant assistance - state administered programs	93.566	981
Low income home energy assistance	93.568	5,449
Child care and development block grant	93.575	713,099
Child care mandatory and matching funds of the child care and development fund	93.596	338,137
Child care and development block grant - ARRA	93.713	2,036
Chafee education and training vouchers program	93.599	1,513
Child welfare services - state grants	93.645	1,547
Foster care - Title IV-E	93.658	701,848
Foster care - Title IV-E - ARRA	93.658	60,073
Adoption assistance	93.659	90,295
Adoption assistance - ARRA	93.659	6,773
Social services block grant	93.667	139,411
Chafee foster care independence program	93.674	6,538
Children's health insurance program	93.767	41,886
Medical assistance program	93.778	389,300
Americorps	94.006	<u>4,464</u>
Total pass through payments		\$ 3,073,986
Total Department of Health and Human Services		\$ <u>4,054,719</u>
Department of Labor:		
Pass Through Payments:		
Virginia Employment Commission:		
Welfare investment act--adult program	17.258	\$ <u>176,206</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Edward Byrne Memorial State and Local Law Enforcement Assistance	16.580	\$ 33,870
Crime victim assistance	16.575	51,813
Bullet proof vest grant	16.000	7,449
Violence against women formula grants	16.588	<u>30,625</u>
Total Department of Justice		\$ <u>123,757</u>

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Primary Government: (Continued)		
Department of Transportation:		
Pass through payments:		
Virginia Department of Transportation:		
Occupant protection incentive grants	20.602	\$ 25,812
Highway planning and construction	20.205	<u>495,477</u>
Total Department of Transportation		\$ <u>521,289</u>
Department of Education:		
Pass Through Payments:		
Virginia Compensation Board:		
State Fiscal Stabilization Fund	84.397	\$ <u>831,939</u>
Department of Homeland Security:		
Pass through payments:		
Department of Emergency Management:		
State domestic preparedness equipment support program	97.004	\$ 161,050
State homeland security grant program	97.073	20,000
Emergency management performance grant	97.042	<u>10,751</u>
Total Department of Homeland Security		\$ <u>191,801</u>
Total Expenditures of Federal Awards-Primary Government		\$ <u><u>6,706,944</u></u>
Component Unit School Board:		
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution -- Schools	10.555	\$ 176,410
Department of Education:		
National school lunch program	10.555	992,452
National school breakfast program	10.553	<u>281,302</u>
Total Department of Agriculture		\$ <u>1,450,164</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title 1 grants to local educational agencies	84.010	\$ 900,962
Title 1 grants to local educational agencies - ARRA	84.389	3,608
Handicapped preschool & school programs --		
Special education - grants to states	84.027	1,281,919
Special education - preschool grants	84.173	41,866
Vocational education program improvement --		
Career and technical education -- basic grants to states	84.048	87,264
General education - drug free schools --		
Safe and drug-free schools and communities - state grants	84.186	22,275
Special Projects:		
English language acquisition grants	84.365	55,345
Education technology state grants	84.318	9,021
Improving teacher quality state grants	84.367	248,049
School improvement grants	84.377	125,001
21st century community learning centers	84.287	<u>142,413</u>
Total Department of Education		\$ <u>2,917,723</u>
Total Expenditures of Federal Awards-Component Unit School Board		\$ <u>4,367,887</u>
Total Expenditures of Federal Awards-Reporting Entity		\$ <u><u>11,074,831</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Culpeper, 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	\$ 6,076,961
Airport Fund	<u>629,983</u>
Total primary government	<u>\$ 6,706,944</u>
Component Unit Public Schools:	
School Operating Fund	\$ 2,917,723
School Cafeteria Fund	<u>1,450,164</u>
Total component unit public schools	<u>\$ 4,367,887</u>
Total federal expenditures per basic financial statements	<u>\$ 11,074,831</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 11,074,831</u></u>

COUNTY OF CULPEPER, VIRGINIA

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway planning and construction
84.397	State Fiscal Stabilization Fund
93.575/93.596/93.713	Child Care Cluster
84.010/84.389	Title 1, Part A Cluster
10.561	State administration matching grants for supplemental nutrition assistance program
93.658	Foster Care Title IV-E / Foster Care Title IV-E ARRA
93.667	Social Services Block Grant
93.778	Medical assistance program

Dollar threshold used to distinguish between Type A and Type B programs	\$332,245
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

None