

# COUNTY OF HALIFAX, VIRGINIA



FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2012



COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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COUNTY OF HALIFAX, VIRGINIA  
JUNE 30, 2012

BOARD OF SUPERVISORS

Thomas E. West, Chairman	
William Bryant Claiborne, Vice-Chairman	
J.T. Davis	E. Wayne Conner
Douglas V. Bowman	William I. Fitzgerald
Lottie T. Nunn	Barry A. Bank

COUNTY SCHOOL BOARD

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Richard K. Stoneman	Cheryl B. Terry
R.H. "Fay" Satterfield	Phyllis D. Smith
Walter C. Potts	Dr. Roger L. Long

BOARD OF SOCIAL SERVICES

James R. Davis, Chairman	
Sylvia Carey, Vice-Chairman	
Susan McLamb	Garnett Luck
William I. Fitzgerald	

OTHER OFFICIALS

Judge of the Circuit Court	Leslie M. Osborn
Judge of the Circuit Court	Joel C. Cunningham
Clerk of the Circuit Court	Robert W. Conner
Judge of the General District Court	Robert G. Woodson
Judge of the Juvenile and Domestic Relations Court	S. Anderson Nelson
Commonwealth's Attorney	Kimberly S. White
Commissioner of the Revenue	Brenda P. Powell
Treasurer	Linda S. Foster
Sheriff	Fred S. Clark
Superintendent of Schools	Paul Stapleton
Director of Department of Social Services	Kathy Andrews
County Administrator	James Halasz



COUNTY OF HALIFAX, VIRGINIA  
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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Halifax, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Halifax, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Textbook Fund of the School Board Component Unit which represent 5 percent of the assets, 19 percent of the fund balance and 1 percent of revenues of the Component Unit School Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Textbook Fund, is based on the report of the other auditors.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012, on our consideration of the County of Halifax, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Halifax, Virginia's financial statements as a whole. The combining fund financial statements and schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 27, 2012

## County of Halifax, Virginia Management's Discussion and Analysis

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As management of the County of Halifax (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. Please read it in conjunction with the County's basic financial statements, which follow this section.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by approximately \$19.3 million (*net assets*). Of this amount, approximately \$11.4 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by a net of \$3,508,496 in FY2011 and a decrease of \$1,301,342 in FY2012. Two fiscal years decrease in net assets totals \$4,809,838.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12.8 million, a decrease of \$2,386,360. Thirty-seven percent, or \$4.7 million of this amount, is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, fund balance for the General Fund was approximately \$11.5 million, or 33% of governmental fund expenditures less any capital outlay projects funded with bond proceeds.
- The County's total governmental activities debt decreased by \$2,915,995 during the current fiscal year. The key factor in the decrease was the commencement of VPSA bond principal payments for school capital projects and other regular debt payments.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide financial statements

The *government-wide financial statements* are designed to provide the 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 how the financial position of the County may be changing. Increases in net assets may indicate an improved financial position; however, even decreases in net assets may reflect a changing manner in which the County may have used previously accumulated funds.

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 this 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)

### Government-wide 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 administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. The business-type activities are for public utilities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board and a legally separate industrial development authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 10 through 12 of this report.

### 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, like other state and 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* 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 statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because 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 fund 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 five 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 Virginia Public Assistance Fund, both of which are considered to be major funds. Data from the other County funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

The County maintains *Proprietary Funds*. The County uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

## Overview of the Financial Statements (Continued)

### Fund financial statements: (Continued)

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 20 of this report.

### 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. The notes to the financial statements can be found on pages 21 through 55 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the General Fund and the Virginia Public Assistance Fund. Required supplementary information can be found on pages 56 through 59 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 60 of this report.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$19 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$7.8 million, 41% of total) 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 (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

The following table summarizes the County's Statement of Net Assets:

Comparative Summary of Net Assets  
As of June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Current and other assets	\$ 33,028,560	\$ 35,518,760
Capital assets	63,256,372	65,867,036
Total assets	\$ 96,284,932	\$ 101,385,796
Long-term liabilities outstanding	\$ 58,850,738	\$ 61,766,733
Other liabilities	18,160,048	19,043,575
Total liabilities	\$ 77,010,786	\$ 80,810,308
Net assets:		
Invested in capital assets, net of related debt	\$ 7,781,991	\$ 7,985,592
Restricted	66,799	-
Unrestricted	11,425,356	12,589,896
Total net assets	\$ 19,274,146	\$ 20,575,488

Government-Wide Financial Analysis: (Continued)

At the end of the current fiscal year, the County is able to report positive balances in both categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities.

As noted previously, the County's total net assets decreased by \$1,301,342 during the current fiscal year.

The following table summarizes the County's Statement of Activities:

Comparative Statement of Changes in Net Assets As of June 30, 2012 and 2011		
	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 620,628	\$ 690,073
Operating grants and contributions	9,329,540	9,353,614
Capital grants and contributions	1,442,756	440,717
General revenues:		
Property taxes	22,779,397	23,996,264
Other taxes	5,236,780	4,834,750
Unrestricted revenues	394,117	406,707
Miscellaneous	519,922	854,368
Grants and contributions not restricted to specific programs	2,602,321	2,577,185
Total revenues	\$ 42,925,461	\$ 43,153,678
Expenses:		
General governmental administration	\$ 2,272,954	\$ 2,418,864
Judicial administration	1,487,486	1,482,464
Public safety	7,594,784	7,564,127
Public works	3,752,716	5,195,264
Health and welfare	7,760,643	7,904,249
Parks, recreation, and cultural	436,121	632,558
Community development	2,132,612	1,680,884
Interest on long-term debt	2,346,703	2,471,149
Education	16,442,784	17,312,615
Total expenses	\$ 44,226,803	\$ 46,662,174
Increase (decrease) in net assets	\$ (1,301,342)	\$ (3,508,496)
Net assets - beginning of year	20,575,488	24,083,984
Net assets - end of year	\$ 19,274,146	\$ 20,575,488



### Government-Wide Financial Analysis: (Continued)

Generally, net asset changes are the difference between revenues and expenses. Key elements of this decrease are as follows:

- General property taxes, excluding the payments received from the State as reimbursement under the State's personal property tax relief program, were \$22 million, which represents a decrease of \$1,216,868 or 5%.
- Other local taxes increased \$402,030.
- Expenses of the governmental activities were approximately \$2,435,371 less than fiscal year 2011. This decrease is attributable to the decreases in the following expenditure categories - Public Works, Education, Parks/recreation/cultural, and debt service. Several expenditure categories had increased expenses. These include: Judicial administration, Public safety, and Community development.
- General property taxes, the County's largest revenue source were \$22.7 million or 53% of total governmental revenues.

### Financial Analysis of the County's Funds

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

**Governmental funds:** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* 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 government'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 \$12.8 million, a decrease of \$2,386,360 in comparison with the prior year.

The General Fund is the chief operating fund of the County. Excluding transfers to other funds, the general fund's expenditures exceeded revenue by \$434,774. At the end of the current fiscal year, total fund balance of the General Fund was \$11.5 million. The unassigned fund balance is \$4,737,907, nonspendable amounts total \$95,210, restricted amounts total \$66,799, committed amounts total \$246,186, and assigned amounts represent \$6,403,805. As a measure of the General Fund's liquidity, the fund balance represents 32% of total General Fund expenditures.

The County Capital Improvements Fund accounts for all major general public improvements, excluding capital projects related to business-type activities and education, which are accounted for elsewhere. At the end of the fiscal year, the fund balance was \$166,871.

Nonmajor special revenue funds included the Airport Fund and the State and Federal Grants Fund. Both funds accounted for the total reported as committed or nonspendable special revenue funds in the amount of \$1,074,431.

### General Fund Budgetary Highlights

There was an increase of \$1,759,352 between the original budget and the final amended budget expenditures excluding transfers out.

Actual revenues were less than the budgeted amounts by \$1,382,227 and actual expenditures were less than budgeted amounts by \$1,079,316.

### Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$63.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress. Major capital asset events during the current fiscal year included the following:

- Purchase of several vehicles for various County departments
- Sale of Virgilina School property
- Equipment and building improvements for Central Garage
- Energy Efficiency upgrades

Capital assets, net of accumulated depreciation, are illustrated in the following table:

	Governmental Activities	Total
Land	\$ 4,867,598	\$ 4,867,598
Buildings and systems	56,769,614	56,769,614
Machinery & Equipment	678,034	678,034
Construction in progress	941,126	941,126
Total	<u>\$ 63,256,372</u>	<u>\$ 63,256,372</u>

Additional information on the County's capital assets can be found in note 7 on pages 35 through 36 of this report.

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$58.85 million. Details are summarized in the following table:

	Governmental Activities	Total
Bonds Payable:		
General obligation bonds	\$ 48,030,959	\$ 48,030,959
Revenue bonds	1,465,365	1,465,365
Literary loans	5,600,151	5,600,151
Landfill Closure/Postclosure	1,562,056	1,562,056
Capital leases	448,692	448,692
Note payable	739,232	739,232
Other post-employment benefits obligation	112,400	112,400
Compensated absences	891,883	891,883
Total	<u>\$ 58,850,738</u>	<u>\$ 58,850,738</u>

Debt associated with governmental activities decreased \$2,915,995.

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

- The unemployment rate for the County at October 31, 2012 was 8.7%. The State's average unemployment rate was 5.4% and the national average rate was 7.5%.
- One of the greatest economic impacts to the County currently is the uncertainty of how the State allocations to local governments will be adjusted due to State budgetary issues being addressed by the State.

### Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, County of Halifax, 134 South Main Street, P.O. Box 699, Halifax, VA 24558

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## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2012

	Primary Government	Component Units		
	Governmental Activities	School Board	Industrial Development Authority	Regional Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,860,751	\$ 6,611,479	\$ 2,226,498	\$ 10,142
Receivables (net of allowance for uncollectibles):				
Taxes receivable	19,000,298	-	-	-
Accounts receivable	269,439	670,346	99,360	-
Notes receivable	-	-	51,755	-
Due from component unit	3,563,415	-	-	-
Due from other governmental units	2,092,262	2,530,993	101,932	-
Inventories	-	7,657	-	-
Prepaid expenses	104,810	239,451	-	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	137,585	-	-	-
Capital assets (net of accumulated depreciation):				
Land	4,867,598	130,523	574,342	-
Buildings and systems	56,769,614	17,943,316	30,034,256	-
Machinery and equipment	678,034	1,608,300	1,635,109	-
Construction in progress	941,126	-	3,561,900	-
Property held for resale	-	-	2,666,598	-
Total assets	<u>\$ 96,284,932</u>	<u>\$ 29,742,065</u>	<u>\$ 40,951,750</u>	<u>\$ 10,142</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 95,284	\$ 220,108	\$ 107,449	\$ -
Accrued liabilities	-	4,463,394	-	-
Accrued interest payable	1,091,074	-	-	-
Due to primary government	-	3,314,015	249,400	-
Unearned revenue	16,973,690	-	-	-
Long-term liabilities:				
Due within one year	3,297,310	124,823	730,216	-
Due in more than one year	55,553,428	1,157,708	11,805,727	2,900
Total liabilities	<u>\$ 77,010,786</u>	<u>\$ 9,280,048</u>	<u>\$ 12,892,792</u>	<u>\$ 2,900</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 7,781,991	\$ 19,682,139	\$ 23,286,140	\$ -
Restricted for:				
Asset forfeiture	66,799	-	-	-
Unrestricted (deficit)	11,425,356	779,878	4,772,818	7,242
Total net assets	<u>\$ 19,274,146</u>	<u>\$ 20,462,017</u>	<u>\$ 28,058,958</u>	<u>\$ 7,242</u>

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

COUNTY OF HALIFAX, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,272,954	\$ 13,960	\$ 289,020	\$ 216,342
Judicial administration	1,487,486	107,030	818,048	-
Public safety	7,594,784	201,986	2,267,996	117,620
Public works	3,752,716	271,048	14,657	180,345
Health and welfare	7,760,643	-	5,876,282	-
Education	16,442,784	-	-	-
Parks, recreation, and cultural	436,121	7,294	2,500	-
Community development	2,132,612	19,310	61,037	928,449
Interest on long-term debt	2,346,703	-	-	-
Total governmental activities	<u>\$ 44,226,803</u>	<u>\$ 620,628</u>	<u>\$ 9,329,540</u>	<u>\$ 1,442,756</u>
Total primary government	<u>\$ 44,226,803</u>	<u>\$ 620,628</u>	<u>\$ 9,329,540</u>	<u>\$ 1,442,756</u>
COMPONENT UNITS:				
School Board	\$ 60,112,667	\$ 1,013,191	\$ 41,273,940	\$ -
Industrial Development Authority	3,304,916	1,607,248	-	2,296,091
Regional Library	479,826	31,783	183,377	-
Total component units	<u>\$ 63,897,409</u>	<u>\$ 2,652,222</u>	<u>\$ 41,457,317</u>	<u>\$ 2,296,091</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumers utility taxes				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Payments from Halifax County				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government Governmental Activities	Component Units			
	School Board	Industrial Development Authority	Regional Library	
\$ (1,753,632)	\$ -	\$ -	\$ -	
(562,408)	-	-	-	
(5,007,182)	-	-	-	
(3,286,666)	-	-	-	
(1,884,361)	-	-	-	
(16,442,784)	-	-	-	
(426,327)	-	-	-	
(1,123,816)	-	-	-	
(2,346,703)	-	-	-	
<u>\$ (32,833,879)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (32,833,879)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (17,825,536)	\$ -	\$ -	
-	-	598,423	-	
-	-	-	(264,666)	
<u>\$ -</u>	<u>\$ (17,825,536)</u>	<u>\$ 598,423</u>	<u>\$ (264,666)</u>	
\$ 22,779,397	\$ -	\$ -	\$ -	
2,862,311	-	-	-	
884,171	-	-	-	
600,770	-	-	-	
889,528	-	-	-	
394,117	40	14,887	-	
-	16,498,761	936,779	158,847	
519,922	2,026,627	371,363	30,233	
2,602,321	-	-	-	
<u>\$ 31,532,537</u>	<u>\$ 18,525,428</u>	<u>\$ 1,323,029</u>	<u>\$ 189,080</u>	
<u>\$ (1,301,342)</u>	<u>\$ 699,892</u>	<u>\$ 1,921,452</u>	<u>\$ (75,586)</u>	
20,575,488	19,762,125	26,137,506	82,828	
<u>\$ 19,274,146</u>	<u>\$ 20,462,017</u>	<u>\$ 28,058,958</u>	<u>\$ 7,242</u>	

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## **Fund Financial Statements**

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Balance Sheet  
 Governmental Funds  
 June 30, 2012

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,800,451	\$ -	\$ 108,887	\$ 815,135	\$ 7,724,473
Receivables (net of allowance for uncollectibles):					
Taxes receivable	19,000,298	-	-	-	19,000,298
Accounts receivable	269,439	-	-	-	269,439
Due from other funds	849,433	-	-	-	849,433
Due from component units	3,563,415	-	-	-	3,563,415
Due from other governmental units	985,422	849,433	-	257,407	2,092,262
Prepaid items	95,210	-	-	9,600	104,810
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	66,799	-	70,786	-	137,585
Total assets	<u>\$ 31,630,467</u>	<u>\$ 849,433</u>	<u>\$ 179,673</u>	<u>\$ 1,082,142</u>	<u>\$ 33,741,715</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 74,771	\$ -	\$ 12,802	\$ 7,711	\$ 95,284
Due to other funds	-	849,433	-	-	849,433
Deferred revenue	20,005,789	-	-	-	20,005,789
Total liabilities	<u>\$ 20,080,560</u>	<u>\$ 849,433</u>	<u>\$ 12,802</u>	<u>\$ 7,711</u>	<u>\$ 20,950,506</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 95,210	\$ -	\$ -	\$ 9,600	\$ 104,810
Restricted for:					
Asset forfeitue, state and Federal	66,799	-	-	-	66,799
Capital projects	-	-	70,786	-	70,786
Committed for:					
Future projects/grant matching	-	-	-	405,064	405,064
Airport operations	-	-	-	659,767	659,767
Asset forfeiture, local share	2,233	-	-	-	2,233
E-911 operations	243,953	-	-	-	243,953
Assigned to:					
Future capital projects	-	-	96,085	-	96,085
Long-term debt	6,264,976	-	-	-	6,264,976
Courthouse maintenance	138,829	-	-	-	138,829
Unassigned	4,737,907	-	-	-	4,737,907
Total fund balances	<u>\$ 11,549,907</u>	<u>\$ -</u>	<u>\$ 166,871</u>	<u>\$ 1,074,431</u>	<u>\$ 12,791,209</u>
Total liabilities and fund balances	<u>\$ 31,630,467</u>	<u>\$ 849,433</u>	<u>\$ 179,673</u>	<u>\$ 1,082,142</u>	<u>\$ 33,741,715</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 12,791,209
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 83,028,359	
Less: accumulated depreciation	<u>(19,771,987)</u>	63,256,372

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

Deferred revenue	3,032,099
------------------	-----------

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

136,278

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	\$ (54,575,340)	
Capital leases	(448,692)	
Unamortized premium on bonds	(1,260,367)	
Interest payable	(1,091,074)	
Other post-employment benefits obligation	(112,400)	
Compensated absences	(891,883)	
Landfill postclosure liability	<u>(1,562,056)</u>	<u>(59,941,812)</u>

Net assets of governmental activities	\$ <u>19,274,146</u>
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The notes to the financial statements are an integral part of this statement.



## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2012

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 22,052,531	\$ -	\$ -	\$ -	\$ 22,052,531
Other local taxes	5,236,780	-	-	-	5,236,780
Permits, privilege fees, and regulatory licenses	134,832	-	-	-	134,832
Fines and forfeitures	60,924	-	-	-	60,924
Revenue from the use of money and property	307,175	-	-	86,942	394,117
Charges for services	424,872	-	-	-	424,872
Miscellaneous	460,114	57,102	877	1,830	519,923
Recovered costs	427,976	-	-	-	427,976
Intergovernmental revenues:					
Commonwealth	5,461,400	3,645,480	-	652,265	9,759,145
Federal	59,534	2,230,802	216,342	1,108,794	3,615,472
Total revenues	<u>\$ 34,626,138</u>	<u>\$ 5,933,384</u>	<u>\$ 217,219</u>	<u>\$ 1,849,831</u>	<u>\$ 42,626,572</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,170,032	\$ -	\$ -	\$ -	\$ 2,170,032
Judicial administration	1,394,987	-	-	71,666	1,466,653
Public safety	7,044,849	-	-	479,475	7,524,324
Public works	3,111,801	-	-	-	3,111,801
Health and welfare	381,281	7,383,995	-	-	7,765,276
Education	13,025,793	-	-	-	13,025,793
Parks, recreation, and cultural	392,131	-	-	5,000	397,131
Community development	1,847,668	-	-	499,794	2,347,462
Nondepartmental	236,293	-	-	-	236,293
Capital projects	-	-	911,193	710,177	1,621,370
Debt service:					
Principal retirement	2,903,897	-	-	-	2,903,897
Interest and other fiscal charges	2,552,180	-	-	-	2,552,180
Total expenditures	<u>\$ 35,060,912</u>	<u>\$ 7,383,995</u>	<u>\$ 911,193</u>	<u>\$ 1,766,112</u>	<u>\$ 45,122,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (434,774)</u>	<u>\$ (1,450,611)</u>	<u>\$ (693,974)</u>	<u>\$ 83,719</u>	<u>\$ (2,495,640)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 1,450,611	\$ -	\$ 7,895	\$ 1,458,506
Transfers out	(1,458,506)	-	-	-	(1,458,506)
Sale of capital assets	109,280	-	-	-	109,280
Total other financing sources (uses)	<u>\$ (1,349,226)</u>	<u>\$ 1,450,611</u>	<u>\$ -</u>	<u>\$ 7,895</u>	<u>\$ 109,280</u>
Net change in fund balances	\$ (1,784,000)	\$ -	\$ (693,974)	\$ 91,614	\$ (2,386,360)
Fund balances - beginning	13,333,907	-	860,845	982,817	15,177,569
Fund balances - ending	<u>\$ 11,549,907</u>	<u>\$ -</u>	<u>\$ 166,871</u>	<u>\$ 1,074,431</u>	<u>\$ 12,791,209</u>

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

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

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

Net change in fund balances - total governmental funds	\$ (2,386,360)
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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. The following are the details of this difference:

Capital asset additions	\$ 1,802,093	
Net transfer of joint tenancy assets	(2,280,141)	
Depreciation expense	<u>(2,132,616)</u>	(2,610,664)

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

Property taxes recognized as revenue	726,866
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

1,223

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

Principal payments and premium amortization	\$ <u>3,098,181</u>	3,098,181
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in other post-employment benefits	\$ (31,899)	
(Increase) decrease in compensated absences	(106,949)	
(Increase) decrease in accrued interest	51,598	
(Increase) decrease in landfill postclosure liability	<u>(43,337)</u>	<u>(130,587)</u>

Change in net assets of governmental activities	\$ <u><u>(1,301,342)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets  
Internal Service Fund  
June 30, 2012

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		Self- Insurance Fund
<hr/>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$	136,278
Total assets	\$	<u>136,278</u>
<hr/>		
NET ASSETS		
Unrestricted	\$	136,278
Total net assets	\$	<u>136,278</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Fund  
For the Year Ended June 30, 2012

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	Self- Insurance Fund
	<u>                    </u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ <u>          1,223          </u>
Total operating revenues	\$ <u>          1,223          </u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ <u>                    -          </u>
Total operating expenses	\$ <u>                    -          </u>
Operating income (loss)	\$ <u>          1,223          </u>
Change in net assets	\$           1,223
Total net assets - beginning	<u>          135,055          </u>
Total net assets - ending	\$ <u><u>          136,278          </u></u>

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

Statement of Cash Flows  
Internal Service Fund  
For the Year Ended June 30, 2012

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	Self- Insurance Fund
	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 1,223
Payments for premiums	(1,536)
Net cash provided by (used for) operating activities	<u>\$ (313)</u>
 Net increase (decrease) in cash and cash equivalents	 \$ (313)
 Cash and cash equivalents - beginning	 <u>136,591</u>
Cash and cash equivalents - ending	<u><u>\$ 136,278</u></u>
 <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ <u>1,223</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable	\$ (1,536)
Total adjustments	<u>\$ (1,536)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (313)</u></u>

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

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 119,466
Total assets	\$ <u>119,466</u>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 14,943
Amounts held for social services clients	24,046
Amounts held for others	80,477
Total liabilities	\$ <u>119,466</u>

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

## COUNTY OF HALIFAX, VIRGINIA

### Notes to Financial Statements June 30, 2012

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

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

The financial statements of the County of Halifax, 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.

#### A. Financial Statement Presentation

##### Government-wide and Fund Financial Statements

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

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

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

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

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

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A. Financial Statement Presentation: (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The County does not allocate indirect expenses. The Operating grants include operating-specific and discretionary (operating or capital) grants while the capital grants column reflects capital specific grants. Internal service charges are eliminated and the net income or loss from internal service activities are allocated to the various functional expenses categories based on the internal charges to each function.

Separate financial statements are provided for governmental funds, proprietary funds, internal service 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 government's original budget, final budget and actual results.

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).

B. Financial Reporting Entity

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



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

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C. Individual Component Unit Disclosures

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

*Discretely Presented Component Units.*

The School Board members are elected by the citizens of Halifax County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding of the school board 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, 2012.

The Halifax County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority's board members are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2012. Complete financial statements for the Authority are available from the Authority in South Boston, Virginia.

The Halifax County - South Boston Regional Library provides public library services to residents of the County and Town. The County appoints four of the five members of the library board. The library is fiscally dependent upon the County for operating contributions. The financial statements of the library are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2012.

D. Other Related Organizations

Included in the County's Financial Report

None

Jointly Governed Organizations

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

The County, in conjunction with other localities, has created the Southside Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$67,450 to the Southside Community Services Board.

The County in conjunction with the Towns of Halifax and South Boston jointly govern the Halifax County Service Authority, a regional authority providing water and sewer service. The Authority's governing body is appointed by the participating governments. The participating governments do not have access to resources and surpluses nor are they liable for the Authority's debt or deficits.

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

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D. Other Related Organizations: (Continued)

Jointly Governed Organizations: (Continued)

Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Charlotte are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$855,931 for solid waste transferred to the Authority in fiscal year 2012.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

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

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

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

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

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 County reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, 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.

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

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

1. Governmental Funds: (Continued)

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the following funds: Virginia Public Assistance Fund, State and Federal Grants Fund and William M. Tuck Airport Fund.

The Virginia Public Assistance Fund is a major special revenue fund used to account for the administration of the County's social services program.

Capital Projects Funds - The Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County's Capital Projects Fund is reported as a major fund.

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

Internal Service Fund - The internal service fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The County reports the Self-Insurance Fund as an internal service fund which accounts for the health insurance program activities of the County.

3. Fiduciary Funds - (Agency Funds) - Fiduciary 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. Agency funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

4. Component Unit

The Halifax County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Halifax and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

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

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

4. Component Unit: (Continued)

Governmental Funds: (Continued)

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the following funds:

The School Cafeteria Fund - Accounts for and reports the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a non-major fund.

The Textbook Fund - Accounts for and reports the operations of the textbook rental program. This fund is considered a non-major fund.

The Capital Projects Fund: Capital projects funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

The School Capital Projects Fund - Accounts for and reports all financial resources used for the acquisition or construction of major capital facilities. This fund is considered a major fund.

F. Cash and Cash Equivalents:

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

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

G. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

H. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

H. Receivables and Payables: (Continued)

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 \$440,727 at June 30, 2012 for property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Due Date	June 5	N/A
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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 County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia.

The Component Unit Industrial Development Authority, a proprietary fund type, is required to capitalize its capital assets including the infrastructure constructed at the business park.

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

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

<u>Assets</u>	<u>Years</u>
Plant, equipment and system	35-45
Motor vehicles	5-10
Equipment	2-15
Infrastructure	25

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

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J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

K. Retirement Plan

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

L. 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.

M. Fund Equity

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

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

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

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M. Fund Equity: (Continued)

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

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

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. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received 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.

P. Bond Issuance Costs

Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

Q. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Component Unit-Industrial Development Authority consists of land held for resale.



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

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

1. Prior to March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the Component Unit 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, Special Revenue Funds, and Capital Projects Funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Expenditures exceeded appropriations in the following funds at June 30, 2012:

- County Capital Projects Fund
- William M. Tuck Airport Fund
- State and Federal Grants Fund
- School Operating Fund
- School Cafeteria Fund
- School Textbook Fund
- Virginia Public Assistance Fund
- School Capital Projects Fund

**Note 3—Deposits and Investments:**

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**Deposits**

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

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Note 3—Deposits and Investments: (Continued)

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Investments

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

The County does not have a formal investment policy addressing the various types of risks associated with investments.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2012 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
Local Government Investment Pool	\$ 1,031,340
State Non-Arbitrage Program	<u>70,786</u>
Total	<u>\$ 1,102,126</u>

External Investment Pools

The State Non-Arbitrage Program (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). 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 HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 4—Due from Other Governments:

At June 30, 2012, the County has receivables from other governments as follows:

		Component Units	
	Primary Government	School Board	Industrial Development Authority
Component Units:			
Halifax County School Board	\$ 3,314,015	\$ -	\$ -
Halifax County Industrial Development Authority	249,400	-	-
Total due from component units	<u>\$ 3,563,415</u>	<u>\$ -</u>	<u>\$ -</u>
Other Governments:			
Commonwealth of Virginia:			
Local sales tax	\$ 520,130	\$ -	\$ -
Communications tax	202,539	-	-
Shared revenues	24,225	-	-
Shared expenses	220,098	-	-
VPA funds	114,586	-	-
CSA funds	551,172	-	-
State Sales Tax	-	904,576	-
Other state grants	18,431	2,260	101,932
Federal Government:			
School fund grants	-	1,624,157	-
VPA funds	183,674	-	-
Airport improvement grants	77,062	-	-
Other federal grants	180,345	-	-
Total due from other governments	<u>\$ 2,092,262</u>	<u>\$ 2,530,993</u>	<u>\$ 101,932</u>
Amounts due to other governments are as follows:			
Other Local Governments:			
Halifax County	<u>\$ -</u>	<u>\$ 3,314,015</u>	<u>\$ 249,400</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2012, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 849,433	\$ -
Virginia Public Assistance	<u>-</u>	<u>849,433</u>
Total	<u>\$ 849,433</u>	<u>\$ 849,433</u>

Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,458,506
Virginia Public Assistance	1,450,611	-
William M. Tuck Airport	<u>7,895</u>	<u>-</u>
Total	<u>\$ 1,458,506</u>	<u>\$ 1,458,506</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 HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 7—Capital Assets:

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

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Primary Government:</b>				
Capital assets not being depreciated:				
Land	\$ 4,867,598	\$ -	\$ -	\$ 4,867,598
Construction in progress	298,892	1,704,363	1,062,129	941,126
Total capital assets not being depreciated	\$ 5,166,490	\$ 1,704,363	\$ 1,062,129	\$ 5,808,724
Capital assets being depreciated:				
Buildings and systems	\$ 71,486,123	\$ 1,062,129	\$ 2,657,876	\$ 69,890,376
Machinery and equipment	7,459,783	97,730	228,254	7,329,259
Total capital asset being depreciated	\$ 78,945,906	\$ 1,159,859	\$ 2,886,130	\$ 77,219,635
Less accumulated depreciation for:				
Buildings and systems	\$ 11,688,236	\$ 1,810,261	\$ 377,735	\$ 13,120,762
Machinery and equipment	6,557,124	322,355	228,254	6,651,225
Total accumulated depreciation	\$ 18,245,360	\$ 2,132,616	\$ 605,989	\$ 19,771,987
Capital assets, depreciable, net	\$ 60,700,546	\$ (972,757)	\$ 2,280,141	\$ 57,447,648
Net capital assets primary government	\$ 65,867,036	\$ 731,606	\$ 3,342,270	\$ 63,256,372
<b>Component Unit—School Board:</b>				
Capital assets not being depreciated:				
Land	\$ 130,523	\$ -	\$ -	\$ 130,523
Total capital assets not being depreciated	\$ 130,523	\$ -	\$ -	\$ 130,523
Capital assets being depreciated:				
Machinery and equipment	\$ 8,605,546	\$ 12,300	\$ -	\$ 8,617,846
Buildings and systems	30,681,952	2,657,876	15,000	33,324,828
Total capital assets being depreciated	\$ 39,287,498	\$ 2,670,176	\$ 15,000	\$ 41,942,674
Less accumulated depreciation for:				
Machinery and equipment	\$ 6,662,937	\$ 346,609	\$ -	\$ 7,009,546
Buildings and systems	14,267,809	1,128,703	15,000	15,381,512
Total accumulated depreciation	\$ 20,930,746	\$ 1,475,312	\$ 15,000	\$ 22,391,058
Capital assets, depreciable, net	\$ 18,356,752	\$ 1,194,864	\$ -	\$ 19,551,616
Net capital assets component unit school board	\$ 18,487,275	\$ 1,194,864	\$ -	\$ 19,682,139

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 7—Capital Assets: (Continued)

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

Governmental activities:

General government	\$	42,463
Public safety		191,412
Public works		570,984
Health and welfare		6,286
Parks, recreation and cultural		21,070
Community development		4,500
Subtotal depreciation expense - governmental activities	\$	<u>836,715</u>

Depreciation on joint tenancy assets - school board	\$	<u>1,295,901</u>
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Total Governmental activities	\$	<u><u>2,132,616</u></u>
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Component Unit School Board:

Depreciation expense	\$	1,097,577
Depreciation on joint tenancy assets		<u>377,735</u>

Total Component Unit School Board	\$	<u><u>1,475,312</u></u>
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Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the Code of Virginia, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Halifax, Virginia for the year ended June 30, 2012, is that school financed assets in the amount of \$51,836,020 are reported in the Primary Government for financial reporting purposes.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

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

	Amounts Payable at July 1, 2011	Increases	Decreases	Amounts Payable at June 30, 2012	Amounts Due Within One Year
<b>Governmental Obligations:</b>					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 784,934	\$ 106,949	\$ -	\$ 891,883	\$ 89,188
Other post-employment benefits obligation	80,500	54,900	23,000	112,400	-
Landfill postclosure costs	1,518,719	43,337	-	1,562,056	-
General obligation bonds	578,217	-	43,494	534,723	45,125
Revenue bonds	1,529,961	-	64,596	1,465,365	97,018
Capital leases	582,252	-	133,560	448,692	125,118
Note payable	773,604	-	34,372	739,232	36,134
Total incurred by County	\$ 5,848,187	\$ 205,186	\$ 299,022	\$ 5,754,351	\$ 392,583
Incurred by School Board:					
State Literary Fund Loans payable	\$ 6,066,821	-	\$ 466,670	\$ 5,600,151	\$ 466,670
General obligation bonds payable	48,432,075	-	2,196,206	46,235,869	2,285,255
Total incurred by School Board	\$ 54,498,896	-	\$ 2,662,876	\$ 51,836,020	\$ 2,751,925
Premium on bond issuance	1,419,650	-	159,283	1,260,367	152,802
Total incurred by School Board- Financial Statement Presentation	\$ 55,918,546	-	\$ 2,822,159	\$ 53,096,387	\$ 2,904,727
Total Governmental Obligations	\$ 61,766,733	\$ 205,186	\$ 3,121,181	\$ 58,850,738	\$ 3,297,310

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations							
	General		Revenue Bonds		Capital Leases		Note Payable	
	Obligation	Bonds	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 45,125	\$ 20,052	\$ 97,018	\$ 61,295	\$ 125,118	\$ 16,180	\$ 36,134	\$ 33,287
2014	46,817	18,360	104,532	57,866	130,527	10,770	37,016	31,800
2015	48,573	16,604	107,139	53,840	136,171	5,127	38,778	30,222
2016	50,394	14,783	109,844	49,466	56,876	412	40,541	28,547
2017	52,284	12,893	112,651	44,966	-	-	42,304	26,776
2018	54,244	10,932	120,563	40,257	-	-	44,066	24,896
2019	56,279	8,898	123,584	35,311	-	-	45,829	22,896
2020	58,389	6,788	131,718	30,048	-	-	48,473	20,774
2021	60,579	4,598	134,970	24,490	-	-	50,236	18,428
2022	62,039	2,327	143,346	18,757	-	-	52,880	15,982
2023	-	-	50,000	12,769	-	-	55,523	13,515
2024	-	-	55,000	10,078	-	-	58,167	10,900
2025	-	-	55,000	7,259	-	-	60,811	8,042
2026	-	-	60,000	4,462	-	-	63,455	4,935
2027	-	-	60,000	1,537	-	-	65,019	1,675
Total	\$ 534,723	\$ 116,235	\$ 1,465,365	\$ 452,401	\$ 448,692	\$ 32,489	\$ 739,232	\$ 292,675



COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30,	Incurred by School Board			
	Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2013	\$ 2,285,255	\$ 2,194,580	\$ 466,670	\$ 102,670
2014	2,384,778	2,078,544	466,670	93,336
2015	2,469,799	1,955,490	466,670	84,003
2016	2,590,344	1,826,456	466,670	74,669
2017	2,711,442	1,691,260	466,670	65,336
2018	2,846,095	1,551,517	466,670	56,003
2019	2,979,485	1,406,661	466,670	56,003
2020	3,118,537	1,254,642	466,670	46,669
2021	3,267,990	1,095,335	466,670	37,336
2022	3,413,489	933,830	466,670	28,002
2023	3,564,581	769,619	466,670	18,669
2024	3,730,870	599,880	466,781	9,336
2025	3,892,866	423,655	-	-
2026	4,065,754	239,408	-	-
2027	2,914,584	72,948	-	-
Total	\$ <u>46,235,869</u>	\$ <u>18,093,825</u>	\$ <u>5,600,151</u>	\$ <u>672,032</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>Revenue Bonds:</u>	
\$985,995 Lease Revenue Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the \$1,500,000 Office Facility Revenue Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of \$99,100.	\$ 795,365
\$670,000 Lease Revenue Bonds, Series 2011 (Energy Efficiency Improvements) dated April 15, 2011 due in annual principal installments through October 2026 with interest payable semi-annually, interest at 2.125% - 5.125%.	<u>670,000</u>
Total Revenue Bonds - Incurred by Primary Government	<u>\$ 1,465,365</u>
<u>General Obligation Bonds - Incurred by Primary Government:</u>	
\$663,075 General Obligation Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the \$1,000,000 Office Facility General Obligation Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of \$66,067.	\$ <u>534,723</u>
Total General Obligation Bonds - Incurred by Primary Government	<u>\$ 534,723</u>
<u>General Obligation Bonds - Incurred by School Board:</u>	
\$590,000 School Bonds, issued November 22, 1994 through the Virginia Public School Authority, due in annual installments each July 15, through 2014, interest payable semi-annually at rates ranging from 6.1% to 6.6%.	\$ 50,000
\$16,615,000 School Bonds, issued November 10, 2005, through the Virginia Public School Authority, due in annual installments each July 15 through 2025, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	13,230,000
\$31,030,000 School Bonds, issued May 11, 2006, through Virginia Public School Authority, due in annual installments each July 15 through fiscal year 2027, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	25,890,000

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Incurred by School Board: (Continued)</u>	
\$8,920,992 School Bonds, issued November 9, 2006, through the Virginia Public School Authority due in annual installments each July 15 through 2026, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	\$ 7,065,869
Premium on bonds issued	1,260,367
Total General Obligation Bonds - Incurred by School Board	\$ <u>47,496,236</u>
<u>State Literary Fund Loans:</u>	
\$2,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	\$ 1,356,233
\$4,000,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	2,203,867
\$3,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	2,040,051
Total State Literary Fund Loans	\$ <u>5,600,151</u>
<u>Capital Lease Obligations:</u>	
\$2,200,000 Equipment Lease Purchase Agreement dated November 21, 2001, secured by equipment due in monthly installments of \$22,400 through November 21, 2011, includes interest at 4.12%.	\$ 448,692
Total Capital Lease Obligations	\$ <u>448,692</u>
<u>Note Payable:</u>	
\$900,000 note payable to the Town of South Boston for the Prizery renovations. Interest payable annually at a rate of 1.94%. Principal and interest payable through fiscal year 2027.	\$ 739,232
Compensated absences payable	\$ 891,883
Other post-employment benefits obligation	\$ 112,400
Accrued landfill postclosure care costs	\$ 1,562,056
Total long-term obligations	\$ <u><u>58,850,738</u></u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Defeased Debt - Current Refundings

On May 8, 2009 the County issued General Obligation Public Refunding Bonds, Series 2009 in the amount of \$663,075 to current refund the remaining balance of the \$1,000,000 Office Facility General Obligation Bond dated March 30, 1992 in the amount of \$637,253. The refunding bonds were issued at an interest rate of 3.75% to refund the Office Facility Bonds with an interest rate of 5.75%. The refunding resulted in an economic gain of \$66,067.

On May 8, 2009 the County issued Lease Revenue Refunding Bonds, Series 2009 in the amount of \$985,995 to current refund the remaining balance of the \$1,500,000 Office Facility Revenue Bond dated March 30, 1992 in the amount of \$957,248. The refunding bonds were issued at an interest rate of 3.75% to refund the Office Facility Bonds with an interest rate of 5.75%. The refunding resulted in an economic gain of \$99,100.

The following is a summary of long-term debt transactions of the Component Units for the year ended June 30, 2012:

	Amounts Payable at July 1, 2011	Increases	Decreases	Amounts Payable at June 30, 2012	Amounts Due Within One Year
<u>Component Unit—School Board:</u>					
Compensated absences payable	\$ 1,373,592	\$ -	\$ 125,361	\$ 1,248,231	\$ 124,823
Other post-employment benefits obligation	<u>79,600</u>	<u>299,800</u>	<u>345,100</u>	<u>34,300</u>	<u>-</u>
Total obligations	<u>\$ 1,453,192</u>	<u>\$ 299,800</u>	<u>\$ 470,461</u>	<u>\$ 1,282,531</u>	<u>\$ 124,823</u>

Component Unit—Library:

Other post-employment benefits obligation	\$ <u>2,700</u>	\$ <u>3,000</u>	\$ <u>2,800</u>	\$ <u>2,900</u>	\$ <u>-</u>
Total obligations	<u>\$ 2,700</u>	<u>\$ 3,000</u>	<u>\$ 2,800</u>	<u>\$ 2,900</u>	<u>\$ -</u>

## COUNTY OF HALIFAX, VIRGINIA

### Notes to Financial Statements June 30, 2012 (Continued)

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#### Note 9—Landfill Postclosure Costs:

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State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 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 records a liability for a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. Closure of the County's landfill site is complete. The \$1,562,056 reported as landfill postclosure care liability at June 30, 2012, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. The County intends to fund these costs from tipping fee revenues and from any fund accumulated for this purpose, including available bond issue proceeds in the County Capital Projects Fund. The County demonstrates financial assurance for potential corrective action costs of \$1,000,000. The County also has demonstrated financial assurance requirements for closure and 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 9VAC-20-70 of the Virginia Administrative Code.

In addition to the landfill owned and operated by the County, the County participates in the Southside Regional Public Service Authority (SRPSA). SRPSA is a regional authority created by three localities to accept waste. The County is required to demonstrate financial assurance through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code for the County's allocable portion of the future liability.

#### Note 10—Deferred Revenue:

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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 \$20,005,789 is comprised of the following:

Property taxes receivable - unearned (FY 2013 Levy)	\$ 15,660,836
Property taxes receivable - unavailable	3,032,099
Advance collection of 2012-2013 property taxes - unearned	<u>1,312,854</u>
Total deferred revenue - governmental funds (Exhibit 3)	<u><u>\$ 20,005,789</u></u>

#### Note 11—Commitments and Contingencies:

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Federal programs in which the County and all discretely presented 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.

## COUNTY OF HALIFAX, VIRGINIA

### Notes to Financial Statements June 30, 2012 (Continued)

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#### Note 11—Commitments and Contingencies: (Continued)

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

The Circuit Court judges have filed suit against the County pursuant to Virginia Code §15.2-1643 seeking to compel the County to renovate the existing Halifax County Courthouse. The County has conducted a Courthouse Needs Assessment and has engaged an architect commencing the process to renovate the Courthouse. As of the date of the report, preliminary construction costs were being determined, therefore the future financial commitment is unknown.

#### Note 12—Litigation:

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

#### Note 13—Risk Management:

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The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool 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 loss, including employee dishonesty and employee health and accident insurance. The Component Unit - School Board, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Note 14—Defined Benefit Pension Plan:

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##### A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

Note 14—Defined Benefit Pension Plan: (Continued)

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A. Plan Description: (Continued)

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

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

## Note 14—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund 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 contribution rate for the fiscal year 2012 was 8.49% of annual covered payroll. The School Board's contribution rates for fiscal year 2012 were 6.33% for professional employees and 7.33% for non-professional employees. The County and School Board contribution rates do not include the employee's share of 5.00%.

For the three years ended June 30, 2012, 2011 and 2010, total employer contributions made to the VRS statewide teacher pool for professional employees by the School Board were \$1,744,293, \$1,114,569 and \$3,390,977 and represented 6.33%, 3.93% and 8.81% (rate was 8.81% for July 2010 March 2010 and 0% April 2010 - June 2010) of annual covered payroll, respectively, and 100% of the required contributions for 2012, 2011 and 2010.

C. Annual Pension Cost

For fiscal year 2012, the County and School Board's (non-professional) annual pension cost, not including the employee share was \$567,252 (employee share paid by County was \$334,071) and \$218,197 (employee share paid by School Board was \$148,838) which were equal to the County and School Board's required and actual contributions, respectively.

Three-Year Trend Information for County - Primary Government				
Fiscal Year Ending		Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$	560,778	100%	\$ -
June 30, 2011		571,064	100%	-
June 30, 2012		567,252	100%	-

(1) Employer portion only



## Note 14—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

Three-Year Trend Information for School Board - Discretely Presented Component Unit				
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation	
June 30, 2010	\$ 295,914	100%	\$ -	
June 30, 2011	223,423	100%	-	
June 30, 2012	218,197	100%	-	

(1) Employer portion only

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

D. Funded Status and Funding ProgressCounty

As of June 30, 2011, the most recent actuarial valuation date, the plan was 82.98% funded. The actuarial accrued liability for benefits was \$32,304,129, and the actuarial value of assets was \$26,804,954 resulting in an unfunded actuarial accrued liability (UAAL) of \$5,499,175. The covered payroll (annual payroll of active employees covered by the plan) was \$7,452,618, and ratio of the UAAL to the covered payroll was 73.79%.

School Board

As of June 30, 2011, the most recent actuarial valuation date, the plan was 80.68% funded. The actuarial accrued liability for benefits was \$13,186,527, and the actuarial value of assets was \$10,639,148, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,547,379. The covered payroll (annual payroll of active employees covered by the plan) was \$3,054,679, and ratio of the UAAL to the covered payroll was 83.39%.

## Note 14—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress: (Continued)

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 15—Surety Bonds:

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
Robert W. Conner, Clerk of the Circuit Court	\$ 1,500,000
Linda S. Foster, Treasurer	400,000
Brenda P. Powell, Commissioner of the Revenue	50,000
Fred Clark, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Nationwide Insurance Company - Surety	
Paul Stapleton, Superintendent of Schools	50,000
Paul Stapleton, Clerk of the School Board	50,000
Continental Insurance Company - Surety	
All County employees - blanket bond	25,000
Selective Insurance Company of America - Surety	
Faithful performance blanket position bond all social service employees	100,000

## Note 16—Other Post-Employment Benefits Program:

Background

Governmental Accounting Standards Board (GASB) Statement No. 45 addresses how local governments should account for and report their costs related to post-employment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

**Note 16—Other Post-Employment Benefits Program: (Continued)****Plan Description**

In addition to the pension benefits described in Note 14, the County, including the discretely presented component units, provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits through a single-employer plan. Retired employees, who are participating in the County's medical coverage are eligible to elect post-retirement coverage if the retiree is at least age 55 with at least 5 years of service; age 50 with at least 10 years of service; or has at least 30 years of service. Retirees are eligible to remain on the County's medical plan with 100% of the premium paid by the retiree. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees' coverage ceases at eligibility for Medicare. The Plan does not issue separately audited financial statements.

**A. 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. Again this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums.

**B. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits for the County, School Board, and Library was \$54,900, \$299,800, \$3,000, respectively, for fiscal year 2012. The County and component units have paid \$23,000, \$345,100, and \$2,800, respectively towards this obligation during the fiscal year. The County is required to contribute 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 estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retirees by the County. The following table shows the components of the County's and component units' (excluding IDA) annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the net OPEB obligation.

	County	School Board	Regional Library
Annual required contribution	\$ 54,900	\$ 299,800	\$ 3,000
Interest on net OPEB obligation	3,400	3,500	100
Adjustment to annual required contribution	(3,400)	(3,500)	(100)
Annual OPEB cost (expense)	\$ 54,900	\$ 299,800	\$ 3,000
Estimated contributions made	(23,000)	(345,100)	(2,800)
Increase in net OPEB obligation	\$ 31,900	\$ (45,300)	\$ 200
Net OPEB obligation, beginning of year	80,500	79,600	2,700
Net OPEB obligation, end of year	\$ 112,400	\$ 34,300	\$ 2,900

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2012 (Continued)

Note 16—Other Post-Employment Benefits Program: (Continued)

B. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2012, the County's, School Board's, and Library's expected cash payments of \$23,000, \$345,100, and \$2,800, respectively were \$31,900, (\$45,300), and \$200 less (more) than the OPEB cost, respectively. The County's and component unit's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 are as follows:

County:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 42,309	40%	\$ 51,009
June 30, 2011	47,891	38%	80,500
June 30, 2012	54,900	42%	112,400

School Board:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 223,117	56%	\$ 99,217
June 30, 2011	290,083	107%	79,600
June 30, 2012	299,800	115%	34,300

Regional Library:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 1,200	8%	\$ 2,200
June 30, 2011	2,800	82%	2,700
June 30, 2012	3,000	93%	2,900

## Note 16—Other Post-Employment Benefits Program: (Continued)

C. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012 (based on the July 1, 2010 valuation) is as follows:

	<u>County</u>	<u>School Board</u>	<u>Regional Library</u>
Actuarial accrued liability (AAL)	\$ 395,000	\$ 3,704,300	\$ 40,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	395,000	3,704,300	40,000
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A

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 plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. In the July 1, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

D. Actuarial Methods and Assumptions

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 the 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.

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. 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 1, 2010 was 30 years.

## Note 16—Other Post-Employment Benefits Program: (Continued)

D. Actuarial Methods and Assumptions: (Continued)Cost Method

The entry age normal cost method is used to determine the plan's funding 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 percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, 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.

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.

Assumptions

Discount rate (unfunded)	4.25%
Amortization payment increase rate	2.50%
Amortization period	30 years
Health care trend rates	8% - 5%

Health Insurance Credit ProgramA. Plan Description

The County and School Board participate in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of either the County or School Board who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

## Note 16—Other Post-Employment Benefits Program: (Continued)

Health Insurance Credit Program: (Continued)A. Plan Description: (Continued)

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements.

B. Funding Policy

As a participating local political subdivision, the County and School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County and School Board's contribution rate for the fiscal year ended June 30, 2012 was .14% and .70%, respectively, of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, is based on the annual required contribution (ARC). The County and School Board are required to contribute the 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.

For 2012, the County and School Board's contribution of \$9,354 and \$20,837, respectively, was equal to the ARC and OPEB cost. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

	<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
County:				
	June 30, 2012	\$ 9,354	100%	-
	June 30, 2011	9,417	100%	-
	June 30, 2010	13,114	100%	-
School Board:				
	June 30, 2012	\$ 20,837	100%	-
	June 30, 2011	21,336	100%	-
	June 30, 2010	35,648	100%	-

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Note 16—Other Post-Employment Benefits Program: (Continued)

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Health Insurance Credit Program: (Continued)D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 167,604	\$ 363,438
Actuarial value of plan assets	98,269	118,477
Unfunded actuarial accrued liability (UAAL)	69,335	244,961
Funded Ratio (actuarial value of plan assets / AAL)	58.63%	32.60%
Covered payroll (active plan members)	3,281,825	3,054,679
UAAL as a percentage of covered payroll	2.11%	8.02%

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 and reflect a long-term perspective. 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 revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2011 was 30 years.



Note 16—Other Post-Employment Benefits Program: (Continued)

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Health Insurance Credit Program: (Continued)

F. Professional Employees - Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2012 was \$165,336 and equaled the required contributions for each year.

Note 17—Restricted Cash:

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Cash is temporarily restricted for the following purposes:

Asset forfeiture	\$	66,799
Unspent bond proceeds		70,786

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### **Required Supplementary Information**

Note to Required Supplementary Information:

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

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## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 23,215,000	\$ 23,215,000	\$ 22,052,531	\$ (1,162,469)
Other local taxes	4,791,000	4,791,000	5,236,780	445,780
Permits, privilege fees, and regulatory licenses	131,000	131,000	134,832	3,832
Fines and forfeitures	60,000	60,000	60,924	924
Revenue from the use of money and property	342,645	342,645	307,175	(35,470)
Charges for services	554,717	557,018	424,872	(132,146)
Miscellaneous	570,820	902,200	460,114	(442,086)
Recovered costs	323,974	323,974	427,976	104,002
Intergovernmental revenues:				
Commonwealth	5,499,407	5,670,528	5,461,400	(209,128)
Federal	15,000	15,000	59,534	44,534
Total revenues	<u>\$ 35,503,563</u>	<u>\$ 36,008,365</u>	<u>\$ 34,626,138</u>	<u>\$ (1,382,227)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,240,371	\$ 2,317,432	\$ 2,170,032	\$ 147,400
Judicial administration	1,489,123	1,599,885	1,394,987	204,898
Public safety	6,934,956	7,213,312	7,044,849	168,463
Public works	3,181,550	3,578,829	3,111,801	467,028
Health and welfare	328,849	328,849	381,281	(52,432)
Education	12,951,993	12,951,993	13,025,793	(73,800)
Parks, recreation, and cultural	376,833	378,582	392,131	(13,549)
Community development	1,178,995	2,073,140	1,847,668	225,472
Nondepartmental	160,000	160,000	236,293	(76,293)
Debt service:				
Principal retirement	2,903,897	2,903,897	2,903,897	-
Interest and other fiscal charges	2,634,309	2,634,309	2,552,180	82,129
Total expenditures	<u>\$ 34,380,876</u>	<u>\$ 36,140,228</u>	<u>\$ 35,060,912</u>	<u>\$ 1,079,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,122,687</u>	<u>\$ (131,863)</u>	<u>\$ (434,774)</u>	<u>\$ (302,911)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,362,687)	\$ (1,660,433)	\$ (1,458,506)	\$ 201,927
Sale of capital assets	55,000	80,000	109,280	29,280
Total other financing sources (uses)	<u>\$ (1,307,687)</u>	<u>\$ (1,580,433)</u>	<u>\$ (1,349,226)</u>	<u>\$ 231,207</u>
Net change in fund balances	\$ (185,000)	\$ (1,712,296)	\$ (1,784,000)	\$ (71,704)
Fund balances - beginning	185,000	1,712,296	13,333,907	11,621,611
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,549,907</u>	<u>\$ 11,549,907</u>

## Virginia Public Assistance Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 57,102	\$ 57,102
Intergovernmental revenues:				
Commonwealth	3,189,162	3,189,162	3,645,480	456,318
Federal	2,497,057	2,508,298	2,230,802	(277,496)
Total revenues	<u>\$ 5,686,219</u>	<u>\$ 5,697,460</u>	<u>\$ 5,933,384</u>	<u>\$ 235,924</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 7,027,469	\$ 7,251,956	\$ 7,383,995	\$ (132,039)
Total expenditures	<u>\$ 7,027,469</u>	<u>\$ 7,251,956</u>	<u>\$ 7,383,995</u>	<u>\$ (132,039)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,341,250)</u>	<u>\$ (1,554,496)</u>	<u>\$ (1,450,611)</u>	<u>\$ 103,885</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,341,250	\$ 1,554,496	\$ 1,450,611	\$ (103,885)
Total other financing sources (uses)	<u>\$ 1,341,250</u>	<u>\$ 1,554,496</u>	<u>\$ 1,450,611</u>	<u>\$ (103,885)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Required Supplementary Information

## Schedule of Pension Funding Progress - Virginia Retirement System

## County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 26,804,954	\$ 32,304,129	\$ 5,499,175	82.98%	\$ 7,452,618	73.79%
6/30/2010	26,285,639	31,046,254	4,760,615	84.67%	7,590,917	62.71%
6/30/2009	26,131,692	28,728,207	2,596,515	90.96%	7,763,371	33.45%

## School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 10,639,148	\$ 13,186,527	\$ 2,547,379	80.68%	\$ 3,054,679	83.39%
6/30/2010	10,594,200	12,967,869	2,373,669	81.70%	3,237,547	73.32%
6/30/2009	10,587,430	11,871,844	1,284,414	89.18%	3,309,277	38.81%

Required Supplementary Information  
Schedule of Funding Progress - Other Post-Employment Benefits

## County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 411,100	\$ 411,100	0.00%	\$ n/a	n/a
7/1/2010	-	395,000	395,000	0.00%	n/a	n/a

## School Board:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 2,632,600	\$ 2,632,600	0.00%	\$ n/a	n/a
7/1/2010	-	3,704,300	3,704,300	0.00%	n/a	n/a

## Regional Library:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 11,400	\$ 11,400	0.00%	\$ n/a	n/a
7/1/2010	-	40,000	40,000	0.00%	n/a	n/a

## County - Health Insurance Credit Program:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 73,548	\$ 178,680	\$ 105,132	41.16%	\$ 7,763,371	1.35%
6/30/2010	86,416	180,215	93,799	47.95%	7,590,917	1.24%
6/30/2011	98,269	167,604	69,335	58.63%	3,281,825	2.11%

## School Board - Health Insurance Credit Program:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 75,534	\$ 325,108	\$ 249,574	23.23%	\$ 3,309,277	7.54%
6/30/2010	101,068	357,729	256,661	28.25%	3,237,547	7.93%
6/30/2011	118,477	363,438	244,961	32.60%	3,054,679	8.02%



*Other Supplementary Information*

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

	County Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 877	\$ 877
Intergovernmental revenues:				
Federal	400,000	400,000	216,342	(183,658)
Total revenues	\$ 400,000	\$ 400,000	\$ 217,219	\$ (182,781)
EXPENDITURES				
Capital projects	\$ 484,500	\$ 484,500	\$ 911,193	\$ (426,693)
Total expenditures	\$ 484,500	\$ 484,500	\$ 911,193	\$ (426,693)
Excess (deficiency) of revenues over (under) expenditures	\$ (84,500)	\$ (84,500)	\$ (693,974)	\$ (609,474)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 84,500	\$ 84,500	\$ -	\$ (84,500)
Total other financing sources (uses)	\$ 84,500	\$ 84,500	\$ -	\$ (84,500)
Net change in fund balances	\$ -	\$ -	\$ (693,974)	\$ (693,974)
Fund balances - beginning	-	-	860,845	860,845
Fund balances - ending	\$ -	\$ -	\$ 166,871	\$ 166,871

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 815,135	\$ 815,135
Due from other governmental units	257,407	257,407
Prepaid items	9,600	9,600
Total assets	\$ <u>1,082,142</u>	\$ <u>1,082,142</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ <u>7,711</u>	\$ <u>7,711</u>
Total liabilities	\$ <u>7,711</u>	\$ <u>7,711</u>
Fund balances:		
Nonspendable:		
Prepaid items	\$ 9,600	\$ 9,600
Committed for:		
Future projects/grant matching	405,064	405,064
Airport operations	659,767	659,767
Total fund balances	\$ <u>1,074,431</u>	\$ <u>1,074,431</u>
Total liabilities and fund balances	\$ <u>1,082,142</u>	\$ <u>1,082,142</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>		
Revenue from the use of money and property	\$ 86,942	86,942
Miscellaneous	1,830	\$ 1,830
Intergovernmental revenues:		
Commonwealth	652,265	652,265
Federal	1,108,794	1,108,794
Total revenues	<u>\$ 1,849,831</u>	<u>\$ 1,849,831</u>
<b>EXPENDITURES</b>		
Current:		
Judicial administration	\$ 71,666	\$ 71,666
Public safety	479,475	479,475
Parks, recreation, and cultural	5,000	5,000
Community development	499,794	499,794
Capital projects	710,177	710,177
Total expenditures	<u>\$ 1,766,112</u>	<u>\$ 1,766,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 83,719</u>	<u>\$ 83,719</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	\$ 7,895	\$ 7,895
Total other financing sources (uses)	<u>\$ 7,895</u>	<u>\$ 7,895</u>
Net change in fund balances	\$ 91,614	\$ 91,614
Fund balances - beginning	982,817	982,817
Fund balances - ending	<u><u>\$ 1,074,431</u></u>	<u><u>\$ 1,074,431</u></u>

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2012

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 232,430	\$ 582,705	\$ 815,135
Due from other governmental units	180,345	77,062	257,407
Prepaid items	9,600	-	9,600
Total assets	<u>\$ 422,375</u>	<u>\$ 659,767</u>	<u>\$ 1,082,142</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 7,711	\$ -	\$ 7,711
Total liabilities	<u>\$ 7,711</u>	<u>\$ -</u>	<u>\$ 7,711</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 9,600	\$ -	\$ 9,600
Committed:			
Future projects/grant matching	405,064	-	405,064
Airport operations	-	659,767	659,767
Total fund balances	<u>\$ 414,664</u>	<u>\$ 659,767</u>	<u>\$ 1,074,431</u>
Total liabilities and fund balances	<u>\$ 422,375</u>	<u>\$ 659,767</u>	<u>\$ 1,082,142</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2012

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 86,942	\$ 86,942
Miscellaneous	1,830	-	1,830
Intergovernmental revenues:			
Commonwealth	623,877	28,388	652,265
Federal	232,393	876,401	1,108,794
Total revenues	<u>\$ 858,100</u>	<u>\$ 991,731</u>	<u>\$ 1,849,831</u>
<b>EXPENDITURES</b>			
Current:			
Judicial administration	\$ 71,666	\$ -	\$ 71,666
Public safety	479,475	-	479,475
Parks, recreation, and cultural	5,000	-	5,000
Community development	349,404	150,390	499,794
Capital projects	-	710,177	710,177
Total expenditures	<u>\$ 905,545</u>	<u>\$ 860,567</u>	<u>\$ 1,766,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (47,445)</u>	<u>\$ 131,164</u>	<u>\$ 83,719</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 7,895	\$ 7,895
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 7,895</u>	<u>\$ 7,895</u>
Net change in fund balances	\$ (47,445)	\$ 139,059	\$ 91,614
Fund balances - beginning	462,109	520,708	982,817
Fund balances - ending	<u><u>\$ 414,664</u></u>	<u><u>\$ 659,767</u></u>	<u><u>\$ 1,074,431</u></u>

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2012

	State and Federal Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	1,830	1,830
Intergovernmental revenues:				
Commonwealth	568,178	564,230	623,877	59,647
Federal	-	-	232,393	232,393
Total revenues	<u>\$ 568,178</u>	<u>\$ 564,230</u>	<u>\$ 858,100</u>	<u>\$ 293,870</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 54,682	\$ 55,776	\$ 71,666	\$ (15,890)
Public safety	495,996	490,954	479,475	11,479
Parks, recreation, and cultural	5,000	5,000	5,000	-
Community development	33,937	33,937	349,404	(315,467)
Capital projects	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 589,615</u>	<u>\$ 585,667</u>	<u>\$ 905,545</u>	<u>\$ (319,878)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (21,437)</u>	<u>\$ (21,437)</u>	<u>\$ (47,445)</u>	<u>\$ (26,008)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 21,437</u>	<u>\$ 21,437</u>	<u>\$ -</u>	<u>\$ (21,437)</u>
Total other financing sources (uses)	<u>\$ 21,437</u>	<u>\$ 21,437</u>	<u>\$ -</u>	<u>\$ (21,437)</u>
Net change in fund balances	\$ -	\$ -	\$ (47,445)	\$ (47,445)
Fund balances - beginning	-	-	462,109	462,109
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,664</u>	<u>\$ 414,664</u>



William M. Tuck Airport Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 61,000	\$ 61,000	\$ 86,942	\$ 25,942
-	-	-	-
-	-	28,388	28,388
-	-	876,401	876,401
\$ 61,000	\$ 61,000	\$ 991,731	\$ 930,731
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
54,532	54,532	150,390	(95,858)
-	-	710,177	(710,177)
6,402	6,402	-	6,402
66	66	-	66
\$ 61,000	\$ 61,000	\$ 860,567	\$ (799,567)
\$ -	\$ -	\$ 131,164	\$ 131,164
\$ -	\$ -	\$ 7,895	\$ 7,895
\$ -	\$ -	\$ 7,895	\$ 7,895
\$ -	\$ -	\$ 139,059	\$ 139,059
-	-	520,708	520,708
\$ -	\$ -	\$ 659,767	\$ 659,767

## Combining Statement of Fiduciary Net Assets

## Fiduciary Funds

June 30, 2012

	Agency Funds			Total
	Special Welfare	Halifax County War Memorial	Heritage Festival	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,046	\$ 14,943	\$ 80,477	\$ 119,466
<b>LIABILITIES</b>				
Accrued liabilities	\$ -	\$ 14,943	\$ -	\$ 14,943
Amounts held for social services clients	24,046	-	-	24,046
Amounts held for others	-	-	80,477	80,477
Total liabilities	\$ 24,046	\$ 14,943	\$ 80,477	\$ 119,466

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ <u>16,507</u>	\$ <u>116,438</u>	\$ <u>108,899</u>	\$ <u>24,046</u>
Liabilities:				
Amounts held for social service clients	\$ <u>16,507</u>	\$ <u>116,438</u>	\$ <u>108,899</u>	\$ <u>24,046</u>
Heritage Festival Fund:				
Assets:				
Cash and cash equivalents	\$ <u>62,168</u>	\$ <u>42,933</u>	\$ <u>24,624</u>	\$ <u>80,477</u>
Liabilities:				
Amounts held for other organizations	\$ <u>62,168</u>	\$ <u>42,933</u>	\$ <u>24,624</u>	\$ <u>80,477</u>
Halifax County War Memorial:				
Assets:				
Cash and cash equivalents	\$ <u>14,943</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,943</u>
Liabilities:				
Accrued liabilities	\$ <u>14,943</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,943</u>
Southside Community Services Board Fund:				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>3,158,679</u>	\$ <u>3,158,679</u>	\$ <u>-</u>
Liabilities:				
Amounts held for other organizations	\$ <u>-</u>	\$ <u>3,158,679</u>	\$ <u>3,158,679</u>	\$ <u>-</u>
Undistributed Local Sales Tax Fund:				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>549,442</u>	\$ <u>549,442</u>	\$ <u>-</u>
Liabilities:				
Amounts held for other organizations	\$ <u>-</u>	\$ <u>549,442</u>	\$ <u>549,442</u>	\$ <u>-</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>93,618</u>	\$ <u>3,867,492</u>	\$ <u>3,841,644</u>	\$ <u>119,466</u>
Liabilities:				
Amounts held for social service clients	\$ <u>16,507</u>	\$ <u>116,438</u>	\$ <u>108,899</u>	\$ <u>24,046</u>
Accrued liabilities	<u>14,943</u>	<u>-</u>	<u>-</u>	<u>14,943</u>
Amounts held for others	<u>62,168</u>	<u>3,751,054</u>	<u>3,732,745</u>	<u>80,477</u>
Total liabilities	\$ <u>93,618</u>	\$ <u>3,867,492</u>	\$ <u>3,841,644</u>	\$ <u>119,466</u>

## Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2012

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,308,499	\$ 1,535,396	\$ 767,584	\$ 6,611,479
Receivables (net of allowance for uncollectibles):				
Accounts receivable	670,346	-	-	670,346
Due from other governmental units	2,511,925	-	19,068	2,530,993
Inventories	-	-	7,657	7,657
Prepaid items	239,451	-	-	239,451
Total assets	<u>\$ 7,730,221</u>	<u>\$ 1,535,396</u>	<u>\$ 794,309</u>	<u>\$ 10,059,926</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 107,707	\$ 44,000	\$ 68,401	\$ 220,108
Accrued liabilities	4,308,499	-	154,895	4,463,394
Due to primary government	3,314,015	-	-	3,314,015
Total liabilities	<u>\$ 7,730,221</u>	<u>\$ 44,000</u>	<u>\$ 223,296</u>	<u>\$ 7,997,517</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 239,451	\$ -	\$ -	\$ 239,451
Committed for:				
Education - major capital projects	-	1,491,396	-	1,491,396
Education - food service	-	-	183,079	183,079
Education - textbooks	-	-	387,934	387,934
Unassigned	(239,451)	-	-	(239,451)
Total fund balances	<u>\$ -</u>	<u>\$ 1,491,396</u>	<u>\$ 571,013</u>	<u>\$ 2,062,409</u>
Total liabilities and fund balances	<u>\$ 7,730,221</u>	<u>\$ 1,535,396</u>	<u>\$ 794,309</u>	<u>\$ 10,059,926</u>

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

Total fund balances per above \$ 2,062,409

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 42,073,197	
Less: accumulated depreciation	<u>(22,391,058)</u>	19,682,139

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Other post-employment benefits	(34,300)	
Compensated absences	<u>(1,248,231)</u>	(1,282,531)

Net assets of governmental activities \$ 20,462,017

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

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 40	\$ 40
Charges for services	-	-	1,013,191	1,013,191
Miscellaneous	2,026,627	-	-	2,026,627
Intergovernmental revenues:				
Local government	12,963,124	-	-	12,963,124
Commonwealth	33,639,262	-	38,215	33,677,477
Federal	5,422,357	-	2,174,106	7,596,463
Total revenues	<u>\$ 54,051,370</u>	<u>\$ -</u>	<u>\$ 3,225,552</u>	<u>\$ 57,276,922</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 54,010,965	\$ -	\$ 3,662,921	\$ 57,673,886
Capital projects	-	228,264	-	228,264
Debt service:				
Principal retirement	35,000	-	-	35,000
Interest and other fiscal charges	5,405	-	-	5,405
Total expenditures	<u>\$ 54,051,370</u>	<u>\$ 228,264</u>	<u>\$ 3,662,921</u>	<u>\$ 57,942,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (228,264)</u>	<u>\$ (437,369)</u>	<u>\$ (665,633)</u>
Net change in fund balances	\$ -	\$ (228,264)	\$ (437,369)	\$ (665,633)
Fund balances - beginning	-	1,719,660	1,008,382	2,728,042
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,491,396</u>	<u>\$ 571,013</u>	<u>\$ 2,062,409</u>

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

Net change in fund balances - total governmental funds - per above	\$ (665,633)
--	--------------

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 capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 12,300	
Net transfer of joint tenancy assets	2,280,141	
Depreciation expense	<u>(1,097,577)</u>	1,194,864

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in other post-employment benefits	\$ 45,300	
(Increase) decrease in compensated absences	<u>125,361</u>	170,661

Change in net assets of governmental activities	\$ <u>699,892</u>
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COUNTY OF HALIFAX, VIRGINIA

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 1,605,000	\$ 1,605,000	\$ 2,026,627	\$ 421,627
Intergovernmental revenues:				
Local government	12,906,000	12,906,000	12,963,124	57,124
Commonwealth	34,063,894	34,063,894	33,639,262	(424,632)
Federal	5,350,000	5,350,000	5,422,357	72,357
Total revenues	<u>\$ 53,924,894</u>	<u>\$ 53,924,894</u>	<u>\$ 54,051,370</u>	<u>\$ 126,476</u>
EXPENDITURES				
Current:				
Education	\$ 53,872,502	\$ 53,872,502	\$ 54,010,965	\$ (138,463)
Capital projects	-	-	-	-
Debt service:				
Principal retirement	40,000	40,000	35,000	5,000
Interest and other fiscal charges	12,392	12,392	5,405	6,987
Total expenditures	<u>\$ 53,924,894</u>	<u>\$ 53,924,894</u>	<u>\$ 54,051,370</u>	<u>\$ (126,476)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Capital Projects Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	-
-	-	228,264	(228,264)	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,264</u>	<u>\$ (228,264)</u>	
\$ -	\$ -	\$ (228,264)	\$ (228,264)	
\$ -	\$ -	\$ (228,264)	\$ (228,264)	
-	-	1,719,660	1,719,660	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,491,396</u>	<u>\$ 1,491,396</u>	

## Combining Balance Sheet

Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board

June 30, 2012

	School Cafeteria Fund	School Textbook Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 311,249	\$ 456,335	\$ 767,584
Due from other governmental units	19,068	-	19,068
Inventories	-	7,657	7,657
Total assets	<u>\$ 330,317</u>	<u>\$ 463,992</u>	<u>\$ 794,309</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 68,401	\$ 68,401
Accrued liabilities	147,238	7,657	154,895
Total liabilities	<u>\$ 147,238</u>	<u>\$ 76,058</u>	<u>\$ 223,296</u>
Fund balances:			
Committed for:			
Education - food service	\$ 183,079	\$ -	\$ 183,079
Education - textbooks	-	387,934	387,934
Total fund balances	<u>\$ 183,079</u>	<u>\$ 387,934</u>	<u>\$ 571,013</u>
Total liabilities and fund balances	<u>\$ 330,317</u>	<u>\$ 463,992</u>	<u>\$ 794,309</u>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2012

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	School Cafeteria Fund	School Textbook Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 40	\$ 40
Charges for services	991,165	22,026	1,013,191
Intergovernmental revenues:			
Commonwealth	38,215	-	38,215
Federal	2,174,106	-	2,174,106
Total revenues	<u>\$ 3,203,486</u>	<u>\$ 22,066</u>	<u>\$ 3,225,552</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 3,291,066	\$ 371,855	\$ 3,662,921
Total expenditures	<u>\$ 3,291,066</u>	<u>\$ 371,855</u>	<u>\$ 3,662,921</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (87,580)</u>	<u>\$ (349,789)</u>	<u>\$ (437,369)</u>
Net change in fund balances	\$ (87,580)	\$ (349,789)	\$ (437,369)
Fund balances - beginning	270,659	737,723	1,008,382
Fund balances - ending	<u>\$ 183,079</u>	<u>\$ 387,934</u>	<u>\$ 571,013</u>

COUNTY OF HALIFAX, VIRGINIA

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

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,000,000	1,000,000	991,165	(8,835)
Intergovernmental revenues:				
Commonwealth	-	-	38,215	38,215
Federal	1,850,000	1,850,000	2,174,106	324,106
Total revenues	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 3,203,486</u>	<u>\$ 353,486</u>
EXPENDITURES				
Current:				
Education	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 3,291,066</u>	<u>\$ (441,066)</u>
Total expenditures	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 3,291,066</u>	<u>\$ (441,066)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (87,580)</u>	<u>\$ (87,580)</u>
Net change in fund balances	\$ -	\$ -	\$ (87,580)	\$ (87,580)
Fund balances - beginning	-	-	270,659	270,659
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,079</u>	<u>\$ 183,079</u>

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 40	\$ 40
-	-	22,026	22,026
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 22,066	\$ 22,066
\$ -	\$ -	\$ 371,855	\$ (371,855)
\$ -	\$ -	\$ 371,855	\$ (371,855)
\$ -	\$ -	\$ (349,789)	\$ (349,789)
\$ -	\$ -	\$ (349,789)	\$ (349,789)
		737,723	737,723
\$ -	\$ -	\$ 387,934	\$ 387,934

## Balance Sheet

Discretely Presented Component Unit - Regional Library

June 30, 2012

	<u>Regional Library</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,142
Total assets	<u>\$ 10,142</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Fund balance:	
Assigned	
Library operations	\$ 10,142
Total fund balance	<u>\$ 10,142</u>
Total liabilities and fund balances	<u>\$ 10,142</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 10,142
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,900)</u>
Net assets of governmental activities	<u>\$ 7,242</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Discretely Presented Component Unit - Regional Library  
For the Year Ended June 30, 2012

	<u>Regional Library</u>
<b>REVENUES</b>	
Charges for services	\$ 31,783
Miscellaneous	30,233
Intergovernmental revenues:	
Local government	220,847
Commonwealth	121,377
Total revenues	<u>\$ 404,240</u>
<b>EXPENDITURES</b>	
Current:	
Parks, recreation, and cultural	\$ 479,626
Total expenditures	<u>\$ 479,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (75,386)</u>
Net change in fund balances	\$ (75,386)
Fund balances - beginning	85,528
Fund balances - ending	<u><u>\$ 10,142</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ (75,386)
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.	<u>(200)</u>
Change in net assets of governmental activities	<u><u>\$ (75,586)</u></u>

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## *Supporting Schedules*

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Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,075,000	\$ 11,075,000	\$ 11,391,600	\$ 316,600
Real and personal public service corporation taxes	4,700,000	4,700,000	3,393,956	(1,306,044)
Personal property taxes	5,750,000	5,750,000	5,647,362	(102,638)
Mobile home taxes	70,000	70,000	55,257	(14,743)
Machinery and tools taxes	1,140,000	1,140,000	903,441	(236,559)
Penalties and administrative fees	305,000	305,000	385,188	80,188
Interest	175,000	175,000	275,727	100,727
Total general property taxes	\$ 23,215,000	\$ 23,215,000	\$ 22,052,531	\$ (1,162,469)
Other local taxes:				
Local sales and use taxes	\$ 2,601,000	\$ 2,601,000	\$ 2,862,311	\$ 261,311
Consumers' utility taxes	885,000	885,000	884,171	(829)
Utility consumption tax	100,000	100,000	102,298	2,298
Business license taxes	170,000	170,000	349,571	179,571
Utility license taxes	60,000	60,000	62,179	2,179
Motor vehicle licenses	575,000	575,000	600,770	25,770
Taxes on recordation and wills	170,000	170,000	133,174	(36,826)
Hotel and motel room taxes	150,000	150,000	175,524	25,524
Meals tax	80,000	80,000	66,782	(13,218)
Total other local taxes	\$ 4,791,000	\$ 4,791,000	\$ 5,236,780	\$ 445,780
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 40,000	\$ 40,000	\$ 38,753	\$ (1,247)
Transfer fees	1,000	1,000	995	(5)
Permits and other licenses	90,000	90,000	95,084	5,084
Total permits, privilege fees, and regulatory licenses	\$ 131,000	\$ 131,000	\$ 134,832	\$ 3,832
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 60,924	\$ 924
Revenue from use of money and property:				
Revenue from use of money	\$ 40,000	\$ 40,000	\$ 2,224	\$ (37,776)
Revenue from use of property	302,645	302,645	304,951	2,306
Total revenue from use of money and property	\$ 342,645	\$ 342,645	\$ 307,175	\$ (35,470)
Charges for services:				
Charges for law library	\$ 8,500	\$ 8,500	\$ 13,012	\$ 4,512
Charges for law enforcement and traffic control	2,717	2,717	2,858	141
Charges for courthouse maintenance	22,000	22,000	15,408	(6,592)
Courthouse construction fees	25,000	25,000	23,788	(1,212)
Charges for courthouse security	60,000	60,000	50,348	(9,652)
Charges for commonwealth's attorney	1,500	1,500	3,479	1,979
Animal redemption fees	3,500	4,052	4,367	315

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 410,000	\$ 410,000	\$ 271,048	\$ (138,952)
Charges for parks and recreation	4,000	5,749	7,294	1,545
Charges for PSA administration	10,000	10,000	13,960	3,960
Charges for planning fees	7,500	7,500	19,310	11,810
Total charges for services	<u>\$ 554,717</u>	<u>\$ 557,018</u>	<u>\$ 424,872</u>	<u>\$ (132,146)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 560,820	\$ 892,200	\$ 441,104	\$ (451,096)
County fair donations and other revenue	10,000	10,000	19,010	9,010
Total miscellaneous revenue	<u>\$ 570,820</u>	<u>\$ 902,200</u>	<u>\$ 460,114</u>	<u>\$ (442,086)</u>
Recovered costs:				
Soil & water conservation technician	\$ 125,328	\$ 125,328	\$ 128,772	\$ 3,444
School board reimbursements	58,646	58,646	58,646	-
Other recovered costs	140,000	140,000	240,558	100,558
Total recovered costs	<u>\$ 323,974</u>	<u>\$ 323,974</u>	<u>\$ 427,976</u>	<u>\$ 104,002</u>
Total revenue from local sources	<u>\$ 29,989,156</u>	<u>\$ 30,322,837</u>	<u>\$ 29,105,204</u>	<u>\$ (1,217,633)</u>
Intergovernmental Revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 59,764	\$ (236)
Mobile home titling tax	60,000	60,000	48,191	(11,809)
Motor vehicle rental tax	5,000	5,000	7,465	2,465
State recordation tax	40,000	40,000	39,030	(970)
Personal property tax relief funds	1,503,000	1,503,000	1,503,234	234
Communications taxes	1,187,962	1,187,962	1,185,936	(2,026)
State reduction in aid to localities	(283,546)	(283,546)	(282,445)	1,101
Total noncategorical aid	<u>\$ 2,572,416</u>	<u>\$ 2,572,416</u>	<u>\$ 2,561,175</u>	<u>\$ (11,241)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 432,228	\$ 470,193	\$ 413,033	\$ (57,160)
Drug prosecutor	111,384	169,251	104,387	(64,864)
Sheriff	1,492,526	1,550,542	1,509,298	(41,244)
Commissioner of revenue	124,670	124,670	121,928	(2,742)
Treasurer	113,054	113,054	108,547	(4,507)
Medical examiner	1,500	1,500	-	(1,500)
Registrar/electoral board	55,110	55,719	54,178	(1,541)
Clerk of the Circuit Court	293,155	305,653	300,628	(5,025)
Total shared expenses	<u>\$ 2,623,627</u>	<u>\$ 2,790,582</u>	<u>\$ 2,611,999</u>	<u>\$ (178,583)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental Revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Emergency services grants	\$ 80,000	\$ 84,429	\$ 45,976	\$ (38,453)
Correctional facilities grant	63,364	63,364	63,762	398
Fire program funds	70,000	67,632	71,644	4,012
Other state funds	90,000	92,105	106,844	14,739
Total other categorical aid	<u>\$ 303,364</u>	<u>\$ 307,530</u>	<u>\$ 288,226</u>	<u>\$ (19,304)</u>
Total categorical aid	<u>\$ 2,926,991</u>	<u>\$ 3,098,112</u>	<u>\$ 2,900,225</u>	<u>\$ (197,887)</u>
Total revenue from the Commonwealth	<u>\$ 5,499,407</u>	<u>\$ 5,670,528</u>	<u>\$ 5,461,400</u>	<u>\$ (209,128)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 41,146</u>	<u>\$ 26,146</u>
Categorical aid:				
Disaster grants - public assistance	\$ -	\$ -	\$ 4,367	\$ 4,367
Alcohol impaired driving countermeasures incentive grants	-	-	4,457	4,457
Alcohol open container requirements	-	-	9,564	9,564
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,388</u>	<u>\$ 18,388</u>
Total revenue from the federal government	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 59,534</u>	<u>\$ 44,534</u>
Total General Fund	<u>\$ 35,503,563</u>	<u>\$ 36,008,365</u>	<u>\$ 34,626,138</u>	<u>\$ (1,382,227)</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,102</u>	<u>\$ 57,102</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,102</u>	<u>\$ 57,102</u>
Intergovernmental Revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,349,979	\$ 1,349,979	\$ 1,349,979	\$ -
Comprehensive Services Act program	1,839,183	1,839,183	2,295,501	456,318
Total categorical aid	<u>\$ 3,189,162</u>	<u>\$ 3,189,162</u>	<u>\$ 3,645,480</u>	<u>\$ 456,318</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,497,057	\$ 2,508,298	\$ 2,230,802	\$ (277,496)
Total categorical aid	<u>\$ 2,497,057</u>	<u>\$ 2,508,298</u>	<u>\$ 2,230,802</u>	<u>\$ (277,496)</u>
Total Virginia Public Assistance Fund	<u>\$ 5,686,219</u>	<u>\$ 5,697,460</u>	<u>\$ 5,933,384</u>	<u>\$ 235,924</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>State and Federal Grants Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,830	\$ 1,830
Total miscellaneous revenue	\$ -	\$ -	\$ 1,830	\$ 1,830
<b>Intergovernmental Revenue:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Litter control grant	\$ 15,000	\$ 15,000	\$ 14,657	\$ (343)
Community corrections board grant	495,996	490,954	490,954	-
Crime victims grant	54,682	55,776	83,117	27,341
Commission for the arts grant	2,500	2,500	2,500	-
Other state funds	-	-	32,649	32,649
Total categorical aid	\$ 568,178	\$ 564,230	\$ 623,877	\$ 59,647
Total revenue from the Commonwealth	\$ 568,178	\$ 564,230	\$ 623,877	\$ 59,647
Revenue from the federal government:				
Categorical aid:				
TEA-21 Highway planning and construction	\$ -	\$ -	\$ 180,345	\$ 180,345
Community development block grant	-	-	52,048	52,048
Total categorical aid	\$ -	\$ -	\$ 232,393	\$ 232,393
Total revenue from the federal government	\$ -	\$ -	\$ 232,393	\$ 232,393
Total State and Federal Grants Fund	\$ 568,178	\$ 564,230	\$ 858,100	\$ 293,870
<b>William M. Tuck Airport Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 61,000	\$ 61,000	\$ 86,942	\$ 25,942
Total revenue from local sources	\$ 61,000	\$ 61,000	\$ 86,942	\$ 25,942
<b>Intergovernmental Revenue:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Airport aid	\$ -	\$ -	\$ 28,388	\$ 28,388
Total categorical aid	\$ -	\$ -	\$ 28,388	\$ 28,388
Total revenue from the Commonwealth	\$ -	\$ -	\$ 28,388	\$ 28,388
Revenue from the federal government:				
Categorical aid:				
Airport aid - FAA	\$ -	\$ -	\$ 876,401	\$ 876,401
Total categorical aid	\$ -	\$ -	\$ 876,401	\$ 876,401
Total revenue from the federal government	\$ -	\$ -	\$ 876,401	\$ 876,401
Total William M. Tuck Airport Fund	\$ 61,000	\$ 61,000	\$ 991,731	\$ 930,731

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 877	\$ 877
Total miscellaneous revenue	\$ -	\$ -	\$ 877	\$ 877
Intergovernmental Revenue:				
Revenue from the federal government:				
Categorical aid:				
Energy efficiency and conservation block grant	\$ 400,000	\$ 400,000	\$ 216,342	\$ (183,658)
Total categorical aid	\$ 400,000	\$ 400,000	\$ 216,342	\$ (183,658)
Total revenue from the federal government	\$ 400,000	\$ 400,000	\$ 216,342	\$ (183,658)
Total County Capital Projects Fund	\$ 400,000	\$ 400,000	\$ 217,219	\$ (182,781)
Total Primary Government	\$ 42,218,960	\$ 42,731,055	\$ 42,626,572	\$ (104,483)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 1,605,000	\$ 1,605,000	\$ 2,026,627	\$ 421,627
Total revenue from local sources	\$ 1,605,000	\$ 1,605,000	\$ 2,026,627	\$ 421,627
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Halifax, Virginia	\$ 12,906,000	\$ 12,906,000	\$ 12,963,124	\$ 57,124
Total revenues from local governments	\$ 12,906,000	\$ 12,906,000	\$ 12,963,124	\$ 57,124
Intergovernmental Revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,586,595	\$ 5,586,595	\$ 5,574,973	\$ (11,622)
Hold harmless state sales tax	167,637	167,637	167,637	-
Basic school aid	16,824,764	16,824,764	16,478,796	(345,968)
Remedial summer education	239,806	239,806	277,006	37,200
Regular foster care	64,963	64,963	17,973	(46,990)
Gifted and talented	179,932	179,932	177,441	(2,491)
Remedial education	671,748	671,748	662,446	(9,302)
Special education	3,530,675	3,530,675	3,534,266	3,591
Textbook payment	162,179	162,179	81,090	(81,089)
Vocational education - equipment	219,789	219,789	15,313	(204,476)
Vocational standards of quality payments	611,770	611,770	603,299	(8,471)
Lottery invoice payments	-	-	210,563	210,563
Fringe benefits	2,271,147	2,271,147	2,239,697	(31,450)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental Revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Early reading intervention	\$ 103,562	\$ 103,562	\$ 94,748	\$ (8,814)
Homebound education	96,923	96,923	145,073	48,150
Comprehensive at risk	-	-	530,846	530,846
K-3 Primary class	750,051	750,051	756,751	6,700
At risk payments	867,985	867,985	855,999	(11,986)
GED funding	23,576	23,576	23,576	-
Virginia preschool initiative	530,846	530,846	-	(530,846)
Algebra readiness	92,534	92,534	94,847	2,313
Technology	284,000	284,000	310,000	26,000
Supplemental payments	518,285	518,285	300,546	(217,739)
English as a second language	24,522	24,522	30,745	6,223
Other state funds	240,605	240,605	455,631	215,026
Total categorical aid	\$ 34,063,894	\$ 34,063,894	\$ 33,639,262	\$ (424,632)
Total revenue from the Commonwealth	34,063,894	34,063,894	33,639,262	(424,632)
Revenue from the federal government:				
Noncategorical aid:				
Payment in lieu of taxes	\$ -	\$ -	\$ 96	\$ 96
Total noncategorical aid	\$ -	\$ -	\$ 96	\$ 96
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ -	\$ 2,135,840	\$ 2,135,840
Title I - ARRA	-	-	24,323	24,323
Title VI-B, special education flow-through	1,750,000	1,750,000	1,474,374	(275,626)
Title VI-B, special education flow-through - ARRA	-	-	436,592	436,592
Vocational education	-	-	136,090	136,090
Title VI-B, special education pre-school	-	-	104,449	104,449
English language acquisition grants	-	-	18,664	18,664
21st Century community learning	-	-	680,881	680,881
Title II, Part A; Improving teacher quality - state grants	-	-	170,747	170,747
Jobs Funds	-	-	22,307	22,307
JROTC	-	-	56,201	56,201
Education technology state grants - ARRA	-	-	762	762
Title II, Part D; Education technology state grants	-	-	6,956	6,956
Workforce investment act - adult program	-	-	38,000	38,000
Education and human resources	-	-	116,075	116,075
Other federal funds	3,600,000	3,600,000	-	(3,600,000)
Total categorical aid	\$ 5,350,000	\$ 5,350,000	\$ 5,422,261	\$ 72,261
Total revenue from the federal government	5,350,000	5,350,000	5,422,357	72,357
Total School Operating Fund	\$ 53,924,894	\$ 53,924,894	\$ 54,051,370	\$ 126,476

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 1,000,000	\$ 1,000,000	\$ 991,165	\$ (8,835)
Total revenue from local sources	\$ 1,000,000	\$ 1,000,000	\$ 991,165	\$ (8,835)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 38,215	\$ 38,215
Total revenue from the Commonwealth	\$ -	\$ -	\$ 38,215	\$ 38,215
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,850,000	\$ 1,850,000	\$ 2,174,106	\$ 324,106
Total revenue from the federal government	\$ 1,850,000	\$ 1,850,000	\$ 2,174,106	\$ 324,106
Total School Cafeteria Fund	\$ 2,850,000	\$ 2,850,000	\$ 3,203,486	\$ 353,486
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 40	\$ 40
Charges for services:				
Textbook rentals	\$ -	\$ -	\$ 22,026	\$ 22,026
Total School Textbook Fund	\$ -	\$ -	\$ 22,066	\$ 22,066
Total Discretely Presented Component Unit - School Board	\$ 56,774,894	\$ 56,774,894	\$ 57,276,922	\$ 502,028

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Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 259,543	\$ 305,273	\$ 228,533	\$ 76,740
General and financial administration:				
County administrator	\$ 252,789	\$ 254,502	\$ 273,094	\$ (18,592)
Legal services	80,000	80,000	99,166	(19,166)
Commissioner of revenue	380,191	347,517	349,086	(1,569)
Assessment	178,331	211,005	198,639	12,366
Treasurer	389,278	389,278	363,664	25,614
Central accounting	414,574	443,583	424,822	18,761
Professional services	60,000	60,000	53,158	6,842
Total general and financial administration	\$ 1,755,163	\$ 1,785,885	\$ 1,761,629	\$ 24,256
Board of elections:				
Electoral board and officials	\$ 104,263	\$ 104,263	\$ 69,123	\$ 35,140
Registrar	121,402	122,011	110,747	11,264
Total board of elections	\$ 225,665	\$ 226,274	\$ 179,870	\$ 46,404
Total general government administration	\$ 2,240,371	\$ 2,317,432	\$ 2,170,032	\$ 147,400
Judicial administration:				
Courts:				
Circuit court	\$ 52,541	\$ 54,972	\$ 50,087	\$ 4,885
General district court	17,950	17,950	20,303	(2,353)
Special magistrates	2,400	2,400	2,187	213
Juvenile and domestic relations district court	16,150	16,150	14,780	1,370
Law library	8,500	8,500	5,930	2,570
Courthouse security	161,326	161,326	144,556	16,770
Courthouse maintenance	22,000	22,000	-	22,000
Clerk of the circuit court	470,765	483,263	472,912	10,351
Total courts	\$ 751,632	\$ 766,561	\$ 710,755	\$ 55,806
Commonwealth's attorney:				
Commonwealth's attorney	\$ 611,041	\$ 669,501	\$ 571,794	\$ 97,707
Multi-jurisdictional drug prosecutor	126,450	163,823	112,438	51,385
Total commonwealth's attorney	\$ 737,491	\$ 833,324	\$ 684,232	\$ 149,092
Total judicial administration	\$ 1,489,123	\$ 1,599,885	\$ 1,394,987	\$ 204,898
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,420,477	\$ 2,536,400	\$ 2,503,854	\$ 32,546
Drug task force	-	-	3,398	(3,398)
Emergency operations center	729,049	729,049	694,533	34,516
Total law enforcement and traffic control	\$ 3,149,526	\$ 3,265,449	\$ 3,201,785	\$ 63,664

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
General government administration: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 621,109	\$ 665,594	\$ 624,889	\$ 40,705
Contribution to rescue squad	6,252	6,252	6,252	-
Ambulance and rescue services	179,375	218,164	216,252	1,912
Emergency services	114,967	139,826	137,660	2,166
Forestry service	31,167	31,167	31,166	1
Total fire and rescue services	<u>\$ 952,870</u>	<u>\$ 1,061,003</u>	<u>\$ 1,016,219</u>	<u>\$ 44,784</u>
Correction and detention:				
Regional jail	<u>\$ 2,397,561</u>	<u>\$ 2,442,861</u>	<u>\$ 2,388,772</u>	<u>\$ 54,089</u>
Inspections:				
Building	<u>\$ 206,726</u>	<u>\$ 206,726</u>	<u>\$ 197,143</u>	<u>\$ 9,583</u>
Other protection:				
Animal control	\$ 226,773	\$ 235,773	\$ 240,710	\$ (4,937)
Medical examiner	1,500	1,500	220	1,280
Total other protection	<u>\$ 228,273</u>	<u>\$ 237,273</u>	<u>\$ 240,930</u>	<u>\$ (3,657)</u>
Total public safety	<u>\$ 6,934,956</u>	<u>\$ 7,213,312</u>	<u>\$ 7,044,849</u>	<u>\$ 168,463</u>
Public works:				
Sanitation and waste removal:				
Public works and environmental services	<u>\$ 2,181,284</u>	<u>\$ 2,578,563</u>	<u>\$ 2,297,373</u>	<u>\$ 281,190</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,000,266</u>	<u>\$ 1,000,266</u>	<u>\$ 814,428</u>	<u>\$ 185,838</u>
Total public works	<u>\$ 3,181,550</u>	<u>\$ 3,578,829</u>	<u>\$ 3,111,801</u>	<u>\$ 467,028</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	<u>\$ 67,450</u>	<u>\$ 67,450</u>	<u>\$ 67,450</u>	<u>\$ -</u>
Welfare:				
Tax relief for the elderly	\$ -	\$ -	\$ 52,432	\$ (52,432)
Other social services	12,200	12,200	12,200	-
Total welfare	<u>\$ 12,200</u>	<u>\$ 12,200</u>	<u>\$ 64,632</u>	<u>\$ (52,432)</u>
Total health and welfare	<u>\$ 328,849</u>	<u>\$ 328,849</u>	<u>\$ 381,281</u>	<u>\$ (52,432)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
General government administration: (Continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 45,993	\$ 45,993	\$ 62,669	\$ (16,676)
Contribution to County School Board	12,906,000	12,906,000	12,963,124	(57,124)
Total education	<u>\$ 12,951,993</u>	<u>\$ 12,951,993</u>	<u>\$ 13,025,793</u>	<u>\$ (73,800)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 197,600	\$ 199,349	\$ 196,443	\$ 2,906
County fair	10,000	10,000	26,456	(16,456)
Total parks and recreation	<u>\$ 207,600</u>	<u>\$ 209,349</u>	<u>\$ 222,899</u>	<u>\$ (13,550)</u>
Cultural enrichment:				
Halifax / South Boston Museum	\$ 10,386	\$ 10,386	\$ 10,385	\$ 1
Total cultural enrichment	<u>10,386</u>	<u>10,386</u>	<u>10,385</u>	<u>1</u>
Library:				
Contribution to county library	<u>\$ 158,847</u>	<u>\$ 158,847</u>	<u>\$ 158,847</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 376,833</u>	<u>\$ 378,582</u>	<u>\$ 392,131</u>	<u>\$ (13,549)</u>
Community development:				
Planning and community development:				
Planning & zoning	\$ 157,205	\$ 157,205	\$ 157,088	\$ 117
Tri-County Community Action Agency	50,766	50,766	50,765	1
Southside Planning District	45,103	45,103	45,103	-
Halifax County tourism	120,817	97,294	97,294	-
Improvement council	-	-	-	-
Industrial Development Authority - insurance proceeds	-	273,189	273,189	-
Contribution to Industrial Development Authority	526,488	1,159,952	936,779	223,173
Total planning and community development	<u>\$ 900,379</u>	<u>\$ 1,783,509</u>	<u>\$ 1,560,218</u>	<u>\$ 223,291</u>
Environmental management:				
Environmental management	<u>\$ 155,438</u>	<u>\$ 156,206</u>	<u>\$ 158,208</u>	<u>\$ (2,002)</u>
Cooperative extension program:				
Extension office	\$ 66,117	\$ 76,364	\$ 70,635	\$ 5,729
Agricultural development agent	57,061	57,061	58,607	(1,546)
Total cooperative extension program	<u>\$ 123,178</u>	<u>\$ 133,425</u>	<u>\$ 129,242</u>	<u>\$ 4,183</u>
Total community development	<u>\$ 1,178,995</u>	<u>\$ 2,073,140</u>	<u>\$ 1,847,668</u>	<u>\$ 225,472</u>
Nondepartmental:				
Halifax County Service Authority	\$ 134,000	\$ 134,000	\$ 132,665	\$ 1,335
Health insurance premiums - other agencies/entities	-	-	1,191	(1,191)
Miscellaneous	26,000	26,000	102,437	(76,437)
Total nondepartmental	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 236,293</u>	<u>\$ (76,293)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 2,903,897	\$ 2,903,897	\$ 2,903,897	\$ -
Interest and other fiscal charges	2,634,309	2,634,309	2,552,180	82,129
Total debt service	<u>\$ 5,538,206</u>	<u>\$ 5,538,206</u>	<u>\$ 5,456,077</u>	<u>\$ 82,129</u>
Total General Fund	<u>\$ 34,380,876</u>	<u>\$ 36,140,228</u>	<u>\$ 35,060,912</u>	<u>\$ 1,079,316</u>
<b>Special Revenue Funds:</b>				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration and assistance	\$ 4,444,130	\$ 4,455,371	\$ 4,248,829	\$ 206,542
Comprehensive services	2,583,339	2,796,585	3,135,166	(338,581)
Total welfare and social services	<u>\$ 7,027,469</u>	<u>\$ 7,251,956</u>	<u>\$ 7,383,995</u>	<u>\$ (132,039)</u>
Total Virginia Public Assistance Fund	<u>\$ 7,027,469</u>	<u>\$ 7,251,956</u>	<u>\$ 7,383,995</u>	<u>\$ (132,039)</u>
<b>State and Federal Grants Fund:</b>				
Judicial administration:				
Courts:				
Crime victims grant	\$ 54,682	\$ 55,776	\$ 50,740	\$ 5,036
Refurbishing clerk of circuit court	-	-	20,926	(20,926)
Total judicial administration	<u>\$ 54,682</u>	<u>\$ 55,776</u>	<u>\$ 71,666</u>	<u>\$ (15,890)</u>
Public safety:				
Correction and detention:				
Community corrections board	<u>\$ 495,996</u>	<u>\$ 490,954</u>	<u>\$ 479,475</u>	<u>\$ 11,479</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
Commission for the Arts	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Community development:				
Planning and community development:				
Improvement council	\$ 33,937	\$ 33,937	\$ 30,378	\$ 3,559
Community development grant	-	-	12,500	(12,500)
VA DMME grant - energy efficiency	-	-	1,559	(1,559)
Housing grant - Sunnybrook	-	-	8,266	(8,266)
Farmers market grant	-	-	5,652	(5,652)
Halifax downtown project	<u>-</u>	<u>-</u>	<u>291,049</u>	<u>(291,049)</u>
Total community development	<u>\$ 33,937</u>	<u>\$ 33,937</u>	<u>\$ 349,404</u>	<u>\$ (315,467)</u>
Total State and Federal Grants Fund	<u>\$ 589,615</u>	<u>\$ 585,667</u>	<u>\$ 905,545</u>	<u>\$ (319,878)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
William M. Tuck Airport Fund:				
Community development:				
Planning and community development:				
Airport expenditures	\$ 54,532	\$ 54,532	\$ 150,390	\$ (95,858)
Capital projects:				
Capital projects	\$ -	\$ -	\$ 710,177	\$ (710,177)
Debt service:				
Principal retirement	\$ 6,402	\$ 6,402	\$ -	\$ 6,402
Interest and other fiscal charges	66	66	-	66
Total debt service	\$ 6,468	\$ 6,468	\$ -	\$ 6,468
Total William M. Tuck Airport Fund	\$ 61,000	\$ 61,000	\$ 860,567	\$ (799,567)
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Energy efficiency improvements	\$ 400,000	\$ 400,000	\$ 878,471	\$ (478,471)
Fairgrounds master plan	45,000	45,000	18,000	27,000
Courthouse needs assessment	39,500	39,500	14,722	24,778
Total capital projects	\$ 484,500	\$ 484,500	\$ 911,193	\$ (426,693)
Total County Capital Projects Fund	\$ 484,500	\$ 484,500	\$ 911,193	\$ (426,693)
Total Primary Government	\$ 42,543,460	\$ 44,523,351	\$ 45,122,212	\$ (598,861)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board and administration	\$ 2,108,013	\$ 2,108,013	\$ 2,056,218	\$ 51,795
School food services				
Food services	\$ 91,670	\$ 91,670	\$ 100,303	\$ (8,633)
Instruction costs:				
Elementary and secondary schools	\$ 38,365,859	\$ 38,365,859	\$ 37,955,091	\$ 410,768
Federal projects	3,600,000	3,600,000	3,764,196	(164,196)
Total instruction costs	\$ 41,965,859	\$ 41,965,859	\$ 41,719,287	\$ 246,572
Operating costs:				
Pupil transportation	\$ 3,758,792	\$ 3,758,792	\$ 4,336,251	\$ (577,459)
Operation and maintenance of school plant	5,948,168	5,948,168	5,798,906	149,262
Total operating costs	\$ 9,706,960	\$ 9,706,960	\$ 10,135,157	\$ (428,197)
Total education	\$ 53,872,502	\$ 53,872,502	\$ 54,010,965	\$ (138,463)

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ 40,000	\$ 40,000	\$ 35,000	\$ 5,000
Interest and other fiscal charges	12,392	12,392	5,405	6,987
Total debt service	<u>\$ 52,392</u>	<u>\$ 52,392</u>	<u>\$ 40,405</u>	<u>\$ 11,987</u>
 Total School Fund	 <u>\$ 53,924,894</u>	 <u>\$ 53,924,894</u>	 <u>\$ 54,051,370</u>	 <u>\$ (126,476)</u>
School Cafeteria Fund:				
Education:				
School food services	\$ 2,850,000	\$ 2,850,000	\$ 3,291,066	\$ (441,066)
Total School Cafeteria Fund	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 3,291,066</u>	<u>\$ (441,066)</u>
School Textbook Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 371,855	\$ (371,855)
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,855</u>	<u>\$ (371,855)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
School construction projects	\$ -	\$ -	\$ 228,264	\$ (228,264)
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,264</u>	<u>\$ (228,264)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 56,774,894</u>	<u>\$ 56,774,894</u>	<u>\$ 57,942,555</u>	<u>\$ (1,167,661)</u>

*Other Statistical Information*

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COUNTY OF HALIFAX, VIRGINIA

Table 1

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on		Business-Type Activities (2)	Total
	Administration									Long-term	Debt		
2002-03	\$ 1,540,240	\$ 803,758	\$ 5,439,592	\$ 1,557,830	\$ 4,966,993	\$ 10,288,048	\$ 303,994	\$ 1,081,649	\$ 598,710	\$ 304,456	\$ 26,885,270		
2003-04	1,722,485	1,083,649	6,151,620	1,531,344	5,528,865	10,732,182	324,448	2,528,419	533,126	289,324	30,425,462		
2004-05	1,511,027	1,141,869	6,739,414	2,201,147	5,380,161	12,103,336	355,481	3,535,237	450,855	310,276	33,728,803		
2005-06	1,832,019	1,169,866	6,252,307	2,252,206	6,199,469	13,397,147	407,606	2,949,509	1,211,711	566,889	36,238,729		
2006-07	2,000,161	1,275,407	6,942,019	2,345,652	7,665,807	12,542,439	465,052	3,158,513	2,940,181	625,463	39,960,694		
2007-08	2,580,816	1,382,701	7,353,873	2,096,176	7,708,608	22,012,386	894,038	3,302,635	2,318,580	4,950,117	54,599,930		
2008-09	2,312,849	1,405,780	7,804,899	3,990,358	8,085,471	18,242,542	612,848	1,767,995	2,815,705	-	47,038,447		
2009-10	3,090,119	1,429,764	7,325,326	3,812,180	7,787,497	16,063,821	552,569	2,002,198	2,585,383	-	44,648,857		
2010-11	2,418,864	1,482,464	7,564,127	5,195,264	7,904,249	17,312,615	632,558	1,680,884	2,471,149	-	46,662,174		
2011-12	2,272,954	1,487,486	7,594,784	3,752,716	7,760,643	16,442,784	436,121	2,132,612	2,346,703	-	44,226,803		

(1) Includes primary government only.

(2) The water and sewer operations, including the blended component unit, were transferred to the Halifax County Service Authority during FY 2008.

COUNTY OF HALIFAX, VIRGINIA

Table 2

Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Restricted to Specific Programs	Grants and Contributions Not Restricted to Specific Programs	
2002-03	\$ 804,286	\$ 7,689,931	\$ 1,104,067	\$ 14,094,304	\$ 5,297,557	\$ 426,705	\$ 261,498	\$ 2,333,115	\$ 2,333,115	\$ 32,011,463
2003-04	842,749	7,626,882	1,035,484	15,013,226	5,566,404	349,020	559,849	1,863,289	1,863,289	32,856,903
2004-05	775,336	8,299,912	1,316,361	15,482,599	5,885,175	549,581	354,048	1,675,128	1,675,128	34,338,140
2005-06	896,598	8,737,400	413,539	18,119,877	6,163,007	1,401,345	638,495	1,796,891	1,796,891	38,167,152
2006-07	974,949	10,249,711	1,527,388	20,667,806	6,306,972	2,274,778	435,632	1,822,478	1,822,478	44,259,714
2007-08	582,735	9,808,887	1,774,373	30,744,187	6,393,593	2,320,614	718,423	2,201,320	2,201,320	54,544,132
2008-09	638,515	9,801,128	1,177,293	24,538,078	5,905,056	589,508	437,425	1,502,504	1,502,504	44,589,507
2009-10	695,753	9,934,844	347,708	23,945,473	4,686,780	411,274	1,104,045	2,658,996	2,658,996	43,784,873
2010-11	690,073	9,353,614	440,717	23,996,264	4,834,750	406,707	854,368	2,577,185	2,577,185	43,153,678
2011-12	620,628	9,329,540	1,442,756	22,779,396	5,236,780	394,117	519,922	2,602,321	2,602,321	42,925,460

(1) Includes primary government only.

(2) Beginning in fiscal year 2010 communication tax revenue is reported as noncategorical aid from Commonwealth. In prior years, communication tax revenue was reported as other local taxes.

COUNTY OF HALIFAX, VIRGINIA

Table 3

General Governmental Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Adminis- tration	Public Safety		Public Works	Health and Welfare		Parks, Recreation, and Cultural		Community Development	Non- Departmental	Debt Service		Total					
	Adminis- tration																			
2002-03	\$	1,182,399	\$	825,764	\$	5,347,849	\$	1,344,883	\$	4,941,390	\$	47,006,169	\$	2,042,159	\$	-	\$	1,875,857	\$	64,861,664
2003-04		1,375,346		1,120,330		5,828,400		1,569,164		5,529,022		48,757,423		3,049,065		-		1,675,734		69,220,527
2004-05		1,481,322		1,166,359		6,593,025		1,793,623		5,376,011		53,579,424		4,029,065		-		1,595,594		75,976,059
2005-06		1,749,241		1,182,823		6,330,220		1,937,473		6,194,497		56,798,887		3,279,371		3,464		1,640,534		79,496,040
2006-07		1,847,104		1,277,304		6,828,457		2,089,523		7,644,557		59,971,600		3,141,263		50,480		4,098,889		87,395,062
2007-08		2,121,771		1,398,840		6,993,742		2,617,573		7,734,479		61,634,425		3,787,477		212,970		5,549,361		92,475,355
2008-09		2,141,122		1,391,667		7,440,463		3,325,895		8,019,717		64,323,460		1,763,924		391,150		6,051,488		95,440,091
2009-10		2,630,693		1,419,225		7,397,339		3,175,611		7,733,969		61,376,043		2,387,062		418,979		5,885,023		93,008,151
2010-11		2,186,834		1,471,621		7,242,714		3,712,592		7,875,823		61,062,113		1,778,597		351,167		5,940,270		92,220,252
2011-12		2,170,032		1,466,653		7,524,324		3,111,801		7,765,276		57,736,555		2,347,462		236,293		5,496,482		88,252,009

(1) Includes General and Special Revenue funds of the Primary Government and Discretely Presented Component Unit - School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

COUNTY OF HALIFAX, VIRGINIA

Table 4

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permits, Privilege Fees, Regulatory Licenses		Fines and Forfeitures		Revenue from the Use of Money and Property		Charges for Services		Miscellaneous		Recovered Costs		Inter-governmental (2)		Total	
2002-03	\$	14,053,268	\$	5,297,557	\$	116,584	\$	31,340	\$	416,768	\$	1,411,050	\$	524,506	\$	105,389	\$	44,767,819	\$	66,724,281
2003-04		14,724,623		5,566,404		128,231		25,077		356,989		1,431,521		820,408		137,713		38,794,325		61,985,291
2004-05		15,466,288		5,885,175		129,775		22,157		548,052		1,467,896		1,184,604		144,786		51,547,745		76,396,478
2005-06		17,986,767		6,163,007		153,490		31,633		1,402,700		1,485,108		1,748,676		787,970		53,594,874		83,354,225
2006-07		20,515,847		6,306,972		127,543		16,663		2,276,997		1,585,555		1,115,579		204,147		60,237,578		92,386,881
2007-08		30,263,336		6,393,593		138,168		16,311		2,254,804		1,653,143		2,079,186		330,204		60,595,023		103,723,768
2008-09		24,346,869		5,905,056		122,761		73,379		591,734		2,334,130		1,536,350		121,259		60,305,548		95,337,086
2009-10		23,509,675		4,686,780		130,416		62,043		413,567		2,131,400		2,786,770		124,571		59,105,452		92,950,674
2010-11		24,004,456		4,834,750		141,352		74,226		407,741		1,555,945		2,718,034		261,080		56,726,586		90,724,170
2011-12		22,052,531		5,236,780		134,832		60,924		394,157		1,438,063		2,545,673		427,976		54,432,215		86,723,151

(1) Includes General and Special Revenue funds of the Primary Government and Discretely Presented Component Unit - School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

(3) Beginning in fiscal year 2010 communication tax revenue is reported as noncategorical aid from Commonwealth. In prior years, communication tax revenue was reported as other local taxes.

COUNTY OF HALIFAX, VIRGINIA

Table 5

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax		Current Tax		Delinquent Tax		Total Tax		Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
	Levy (1,3,4)	Collections (1)	Levy (1,3,4)	Collections (1)	Levy (1,3,4)	Collections (1)	Levy (1,3,4)	Collections (1)	to Tax Levy	Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy	Percent of Delinquent Taxes to Tax Levy	Percent of Delinquent Taxes to Tax Levy	Percent of Delinquent Taxes to Tax Levy
2002-03	\$ 15,645,110	\$ 15,019,836	\$ 15,645,110	\$ 15,019,836	\$ 320,909	\$ 320,909	\$ 15,340,745	\$ 15,340,745	98.05%	1,517,589	9.70%	9.70%	9.70%	9.70%
2003-04	16,189,008	15,206,057	16,189,008	15,206,057	727,778	727,778	15,933,835	15,933,835	98.42%	1,298,464	8.02%	8.02%	8.02%	8.02%
2004-05	16,667,284	16,110,369	16,667,284	16,110,369	419,749	419,749	16,530,118	16,530,118	99.18%	1,460,674	8.76%	8.76%	8.76%	8.76%
2005-06	19,548,439	18,855,929	19,548,439	18,855,929	200,820	200,820	19,056,749	19,056,749	97.48%	1,439,428	7.36%	7.36%	7.36%	7.36%
2006-07	20,473,289	19,758,307	20,473,289	19,758,307	416,535	416,535	20,174,842	20,174,842	98.54%	1,796,186	8.77%	8.77%	8.77%	8.77%
2007-08	31,484,340	30,490,974	31,484,340	30,490,974	570,092	570,092	31,061,066	31,061,066	98.66%	2,086,683	6.63%	6.63%	6.63%	6.63%
2008-09	25,471,645	25,086,207	25,471,645	25,086,207	199,676	199,676	25,285,883	25,285,883	99.27%	2,164,820	8.50%	8.50%	8.50%	8.50%
2009-10	24,450,576	23,182,891	24,450,576	23,182,891	1,252,839	1,252,839	24,435,730	24,435,730	99.94%	2,279,104	9.32%	9.32%	9.32%	9.32%
2010-11	24,968,092	22,516,171	24,968,092	22,516,171	2,446,207	2,446,207	24,962,378	24,962,378	99.98%	2,380,138	9.53%	9.53%	9.53%	9.53%
2011-12	23,760,658	20,348,558	23,760,658	20,348,558	2,546,293	2,546,293	22,894,851	22,894,851	96.36%	1,856,116	7.81%	7.81%	7.81%	7.81%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

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

(4) In fiscal year 2008 the County assessed and billed property taxes in installments, Dec. 5 and June 5

COUNTY OF HALIFAX, VIRGINIA

Table 6

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools		Mobile Homes	Public Utility (2)	Total
2002-03	\$ 1,546,356,849	\$ 278,982,097	\$ 100,039,773	\$	26,765,260	\$ 685,105,818	\$ 2,637,249,797
2003-04	1,569,245,514	280,451,047	106,841,200		27,426,465	770,683,235	2,754,647,461
2004-05	1,910,664,805	263,810,600	107,198,300		24,372,634	776,778,376	3,082,824,715
2005-06	1,935,164,682	282,638,875	119,637,200		24,397,296	746,782,274	3,108,620,327
2006-07	2,157,582,260	218,028,800	131,854,800		24,130,000	1,042,337,183	3,573,933,043
2007-08	2,186,407,594	218,486,973	113,786,300		24,404,648	1,020,808,708	3,563,894,223
2008-09	2,582,057,659	221,649,707	118,967,559		24,513,892	1,025,725,027	3,972,913,844
2009-10	2,642,838,286	194,222,175	105,229,100		24,281,492	1,071,208,087	4,037,779,140
2010-11	2,682,107,141	195,399,423	102,266,400		21,607,200	1,144,472,640	4,145,852,804
2011-12	2,642,140,247	208,849,364	104,232,700		21,636,849	1,043,796,759	4,020,655,919

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

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

(3) Personal property is assessed at 100% of fair market value as of January 1, 1995.

(4) Starting in FY 2009, real estate is collected semi-annually, assessments are reported on the fiscal year basis

COUNTY OF HALIFAX, VIRGINIA

Table 7

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2002-03	\$	\$	\$
2003-04	0.42	1.76	1.26
2004-05	0.42	1.76	1.26
2005-06	0.37	2.00	1.26
2006-07	0.41	2.50	1.26
2007-08	0.41	3.30	1.26
2008-09	0.44 / 0.48	3.30	1.26
2009-10	0.44	3.60	1.26
2010-11	.44 / .43	3.60	1.26
2011-12	.43 / .43	3.60	1.26
	.43 / .45	3.60	1.26

(1) Per \$100 of assessed value.

(2) In fiscal year 2008 the County assessed and billed property taxes in installments, Dec. 5 and June 5

The rates include first and second half installments, respectively.

COUNTY OF HALIFAX, VIRGINIA

Table 8

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 (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2002-03	37,355	\$ 2,637,250	\$ 13,082,217	\$ 13,082,217	0.50%	\$ 350
2003-04	37,355	2,754,647	11,988,042	11,988,042	0.44%	321
2004-05	37,355	3,082,825	11,223,380	11,223,380	0.36%	300
2005-06	36,700	3,108,620	59,003,606	59,003,606	1.90%	1,608
2006-07	36,700	3,573,933	67,721,571	67,721,571	1.89%	1,845
2007-08	36,700	3,563,894	64,115,842	64,115,842	1.80%	1,747
2008-09	36,700	3,972,914	61,471,134	61,471,134	1.55%	1,675
2009-10	36,700	4,037,779	58,708,346	58,708,346	1.45%	1,600
2010-11	36,241	4,145,853	55,850,717	55,850,717	1.35%	1,541
2011-12	36,241	4,020,656	53,109,975	53,109,975	1.32%	1,465

(1) Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

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

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



COUNTY OF HALIFAX, VIRGINIA

Table 9

Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures (1)  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2002-03	\$ 1,051,579	\$ 586,876	\$ 1,638,455	\$ 64,861,664	2.53%
2003-04	512,983	511,232	1,024,215	69,220,527	1.48%
2004-05	1,096,662	436,307	1,532,969	75,976,059	2.02%
2005-06	1,140,660	499,874	1,640,534	79,496,040	2.06%
2006-07	1,618,829	2,480,060	4,098,889	87,395,062	4.69%
2007-08	2,926,284	2,623,077	5,549,361	92,475,355	6.00%
2008-09	3,066,056	3,047,366	6,113,422	95,440,091	6.41%
2009-10	3,118,375	2,816,570	5,934,945	93,008,151	6.38%
2010-11	3,293,277	2,649,193	5,942,470	92,220,252	6.44%
2011-12	2,938,897	2,557,585	5,496,482	88,252,009	6.23%

(1) Includes General and Debt Service funds of the Primary Government and Special Revenue funds  
of the Discretely Presented Component Unit - School Board.

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*Compliance*

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Halifax, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Halifax, Virginia's basic financial statements and have issued our report thereon dated December 27, 2012. We did not audit the financial statements of the School Textbook Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements and this report on internal controls, compliance and other matters, insofar as they relate to the School Textbook Fund are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of County of Halifax, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered County of Halifax, 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 County of Halifax, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Halifax, Virginia's internal control over financial reporting.

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

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

### Compliance and Other Matters

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

We noted certain matters that we have reported to management of the County of Halifax, Virginia, in a separate letter dated December 27, 2012.

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

*Robinson, Farmer Cox Associates*  
(Charlottesville, Virginia  
December 27, 2012

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited County of Halifax, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Halifax, Virginia's major federal programs for the year ended June 30, 2012. County of Halifax, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Halifax, Virginia's management. Our responsibility is to express an opinion on County of Halifax, Virginia's compliance based on our audit. We did not audit the financial statements of the School Textbook Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements and this report on compliance and internal controls over compliance in accordance with OMB Circular A-133, insofar as they relate to the School Textbook Fund are based solely on the report of the other auditors.

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 County of Halifax, 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 County of Halifax, Virginia's compliance with those requirements.

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

## Internal Control Over Compliance

Management of County of Halifax, 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 County of Halifax, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Halifax, Virginia's internal control over compliance.

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

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

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

*Robinson, Farmer & Associates*  
Charlottesville, Virginia  
December 27, 2012



## COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary Assistance for Needy Families (TANF)	93.558	0400111/0400112	\$ 431,242
Refugee and Entrant Assistance - State administered programs	93.566	0500111/0500112	776
Low-income Home Energy Assistance	93.568	0600411/0600412	34,835
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	0770110/0770111	44,915
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	75,171
Chafee Education and Training Vouchers Program	93.599	9160110/9160111	3,563
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111/0900112	1,507
Foster Care - Title IV-E	93.658	1100111/1100112	318,099
Adoption Assistance	93.659	1120111/1120112	184,005
Social Services Block Grant	93.667	1000111/1000112	296,534
Chafee Foster Care Independence Program	93.674	9150111/9150112	6,430
Children's Health Insurance Program	93.767	0540111/0540112	13,441
Medical Assistance Program	93.778	1200111/1200112	308,209
Total Dept. Health & Human Services-pass through			\$ 1,718,727
Total Department of Health and Human Services			\$ 1,718,727
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	10.555/2011/2012	\$ 150,713
Department of Education:			
National School Lunch Program	10.555	10.555/2011/2012	1,446,490
Subtotal CFDA 10.555			\$ 1,597,203
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	10.553/2011/2012	\$ 509,729
Fresh Fruit and Vegetable Program	10.582	10.582/2011/2012	67,174
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00101119/0040110/0040111	\$ 512,075
Total Department of Agriculture			\$ 2,686,181
Department of Defense:			
Pass Through Payments			
Department of Education:			
Payments in Lieu of Real Estate Taxes	12.112	96992102999	\$ 96
Direct payments:			
JROTC	12.000		56,201
Total Department of Defense			\$ 56,297

COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development: Pass Through Payments:			
Department of Housing and Community Development: Community Development Block Grant - States' program	14.228	N/A	\$ 52,048
Total Department of Housing and Urban Development			\$ 52,048
Department of Labor: Pass Through Payments:			
Department of Education: Workforce Investment Act - Adult Program	17.258	17.258/2011	\$ 38,000
Total Department of Labor			\$ 38,000
Department of Transportation: Direct payments:			
Highway Planning and Construction	20.205		\$ 180,345
Airport Improvement Program	20.106		876,401
Total Department of Transportation - direct payments			\$ 1,056,746
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-2012-52254-4632	\$ 4,457
Alcohol Open Container Requirements	20.607	154AL-2011-51193-4135	9,564
Total Department of Transportation - pass-through			\$ 14,021
Total Department of Transportation			\$ 1,070,767
Department of Energy: Pass Through Payments:			
Virginia Department of Mines, Mineral and Energy: ARRA - Energy Efficiency and Conservation Block Grant	81.128	N/A	\$ 216,342
Total Department of Energy			\$ 216,342
National Science Foundation: Pass Through Payments:			
Virginia Commonwealth University: Education and Human Resources	47.076	N/A	\$ 116,075
Total National Science Foundation:			\$ 116,075
Department of Homeland Security Pass Through Payments:			
Disaster Grants - Public Assistance	97.036	N/A	\$ 4,367
Total Department of Homeland Security			\$ 4,367

## COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, part A Cluster:			
Title I: Grants to Local Educational Agencies	84.010	S010A110046/S010A100046	\$ 2,135,840
ARRA - Title I: Grants to Local Educational Agencies	84.389	S389A090046	24,323
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A110107/H027A100107	1,474,374
ARRA - Special Education - Grants to States	84.391	H027A090107	436,592
Special Education - Preschool Grants	84.173	H173A100112/H173A110112	104,449
Career and Technical Education: Basic grants to states	84.048	V048A110046	136,090
Twenty-First Century Community Learning Centers	84.287	S287C110047	680,882
Educational Technology State Grants Cluster:			
Education technology state grants	84.318	S318X100046	6,956
ARRA - Education Technology State Grants	84.386	S386A090046	762
English Language Acquisition grants	84.365	S365A110046	18,664
ARRA - Education Jobs Funds	84.410	S410A100047	22,307
Improving Teacher Quality - State grants	84.367	S367A100044/S367A110044	170,746
Total Department of Education			\$ 5,211,985
Total Expenditures of Federal Awards			\$ 11,170,789

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF HALIFAX, VIRGINIA

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

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#### Note 1 - Basis of Presentation

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

#### Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles provided in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

#### Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and distributed.

#### Note 4 - 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	\$	59,534
Special Revenue Funds:		
Virginia Public Assistance Fund		2,230,802
State and Federal Grants Fund		232,393
William M. Tuck Airport Fund		876,401
Capital Projects Funds:		
County Capital Projects Fund		216,342
Total primary government	\$	<u>3,615,472</u>

Component Unit Public Schools:

School Operating Fund	\$	5,422,357
School Cafeteria Fund		2,174,106
Total component unit public schools	\$	<u>7,596,463</u>

Less amounts not reported on Schedule of Expenditures of  
Federal Awards

Department of Interior - Payments in lieu of taxes	15.226	<u>(41,146)</u>
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Total federal expenditures per basic financial statements	\$	<u>11,170,789</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>11,170,789</u></u>
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COUNTY OF HALIFAX, VIRGINIA

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

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) indentified?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant Deficiency(ies) indentified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	

CFDA #	Name of Federal Program or Cluster	
	Child Nutrition Cluster:	
10.555	National School Lunch Program	
10.555	Food Distribution	
10.553	School Breakfast Program	
20.106	Airport Improvement Program	
81.128	ARRA - Energy Efficiency and Conservation Block Grant	
	Special Education Cluster:	
84.027	Special Education - Grants to States	
84.391	ARRA - Special Education - Grants to States	
84.173	Special Education - Preschool Grants	
84.287	Twenty-First Century Community Learning Centers	
Dollar threshold used to distinguish between Type A and Type B programs		\$ 335,124
Auditee qualified as low-risk auditee?		Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

There are no prior year findings and questioned costs to report.

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