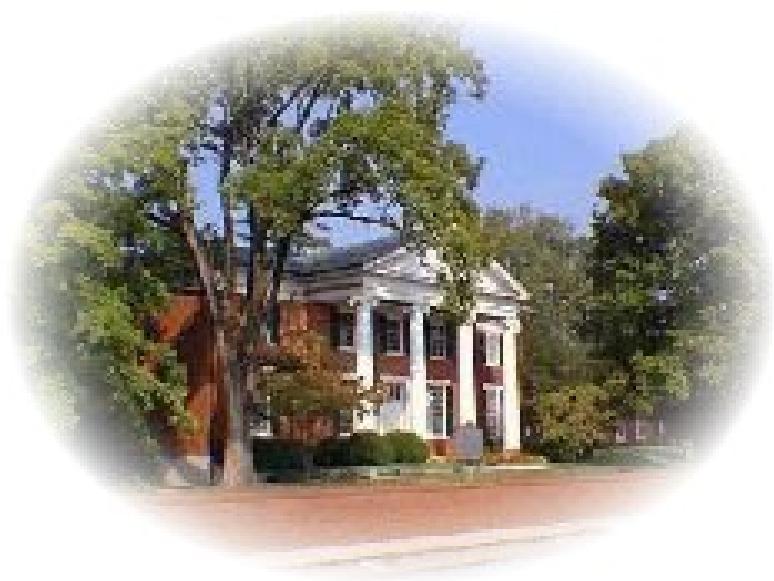


COUNTY OF HALIFAX, VIRGINIA



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012

COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

COUNTY OF HALIFAX, VIRGINIA
JUNE 30, 2012

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Karen G. Hopkins, Chairman
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BOARD OF SOCIAL SERVICES

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

OTHER OFFICIALS

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

COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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

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 | \$ 63,256,372 | \$ 63,256,372 |

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 | \$ 58,850,738 | \$ 58,850,738 |

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 |
| | | | | | |
| ASSETS | | | | | |
| 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 | \$ 96,284,932 | \$ 29,742,065 | \$ 40,951,750 | \$ 10,142 | |
| LIABILITIES | | | | | |
| 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 | \$ 77,010,786 | \$ 9,280,048 | \$ 12,892,792 | \$ 2,900 | |
| NET ASSETS | | | | | |
| 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 | \$ 19,274,146 | \$ 20,462,017 | \$ 28,058,958 | \$ 7,242 | |

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 | Program Revenues | | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | 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 | \$ 44,226,803 | \$ 620,628 | \$ 9,329,540 | \$ 1,442,756 |
| Total primary government | \$ 44,226,803 | \$ 620,628 | \$ 9,329,540 | \$ 1,442,756 |
| 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 | \$ 63,897,409 | \$ 2,652,222 | \$ 41,457,317 | \$ 2,296,091 |
| 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.

Exhibit 2

| 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>\$ -</u> | <u>\$ -</u> |
| <u>\$ (32,833,879)</u> | <u>\$ -</u> | <u>\$ -</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>\$ -</u> | <u>\$ (264,666)</u> | <u>\$ -</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>\$ -</u> | <u>\$ -</u> |
| <u>\$ (1,301,342)</u> | <u>\$ 699,892</u> | <u>\$ 1,921,452</u> | <u>\$ (75,586)</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 20,575,488</u> | <u>\$ 19,762,125</u> | <u>\$ 26,137,506</u> | <u>\$ 82,828</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 19,274,146</u> | <u>\$ 20,462,017</u> | <u>\$ 28,058,958</u> | <u>\$ 7,242</u> | <u>\$ -</u> | <u>\$ -</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 |
|---|---------------|----------------------------------|-------------------------------|---|---------------|
| ASSETS | | | | | |
| 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 | \$ 31,630,467 | \$ 849,433 | \$ 179,673 | \$ 1,082,142 | \$ 33,741,715 |
| LIABILITIES AND FUND BALANCES | | | | | |
| 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 | \$ 20,080,560 | \$ 849,433 | \$ 12,802 | \$ 7,711 | \$ 20,950,506 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | \$ 95,210 | \$ - | \$ - | \$ 9,600 | \$ 104,810 |
| Restricted for: | | | | | |
| Asset forfeiture, 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 | \$ 11,549,907 | \$ - | \$ 166,871 | \$ 1,074,431 | \$ 12,791,209 |
| Total liabilities and fund balances | \$ 31,630,467 | \$ 849,433 | \$ 179,673 | \$ 1,082,142 | \$ 33,741,715 |

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

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

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> |

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 |
|--|-----------------------|----------------------------------|-------------------------------|---|-----------------------|
| REVENUES | | | | | |
| 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 | \$ 34,626,138 | \$ 5,933,384 | \$ 217,219 | \$ 1,849,831 | \$ 42,626,572 |
| EXPENDITURES | | | | | |
| 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 | \$ 35,060,912 | \$ 7,383,995 | \$ 911,193 | \$ 1,766,112 | \$ 45,122,212 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (434,774) | \$ (1,450,611) | \$ (693,974) | \$ 83,719 | \$ (2,495,640) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| 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) | \$ (1,349,226) | \$ 1,450,611 | \$ - | \$ 7,895 | \$ 109,280 |
| 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 | \$ 11,549,907 | \$ - | \$ 166,871 | \$ 1,074,431 | \$ 12,791,209 |

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

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

| | |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (2,386,360) |
|--|----------------|

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 |
|--------------------------------------|---------|

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 |
|---|-------------------------------|

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> (130,587) |

| | |
|---|-----------------------|
| Change in net assets of governmental activities | \$ <u>(1,301,342)</u> |
|---|-----------------------|

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

Statement of Net Assets
Internal Service Fund
June 30, 2012

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

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

| | <u>Self- Insurance Fund</u> |
|--|-------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| 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 | 136,591 |
| Cash and cash equivalents - ending | <u>\$ 136,278</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | |
| Operating income (loss) | \$ 1,223 |
| 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>\$ (313)</u> |

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

| | Agency Funds |
|--|-------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 119,466 |
| Total assets | <u>\$ 119,466</u> |
| LIABILITIES | |
| 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

Note 1—Summary of Significant Accounting Policies:

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).

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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 |

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. 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:

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)

Note 3—Deposits and Investments: (Continued)

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 | \$ 3,563,415 | \$ - | \$ - | \$ - |
| 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 | \$ 2,092,262 | \$ 2,530,993 | \$ 101,932 | |
| Amounts due to other governments are as follows: | | | | |
| Other Local Governments: | | | | |
| Halifax County | \$ - | \$ 3,314,015 | \$ 249,400 | |

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:

| Fund | Interfund Receivable | Interfund Payable |
|----------------------------|-------------------------|----------------------|
| General | \$ 849,433 | \$ - |
| Virginia Public Assistance | <hr/> - <hr/> | <hr/> 849,433 <hr/> |
| 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:

| Fund | Transfers In | Transfers Out |
|----------------------------|---------------------|---------------------|
| Primary Government: | | |
| General Fund | \$ - | \$ 1,458,506 |
| Virginia Public Assistance | 1,450,611 | - |
| William M. Tuck Airport | <hr/> 7,895 <hr/> | - |
| 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 |
|--|----------------------------|---------------------|---------------------|-----------------------------|
| Primary Government: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,867,598 | \$ - | \$ - | \$ 4,867,598 |
| Construction in progress | <u>298,892</u> | <u>1,704,363</u> | <u>1,062,129</u> | <u>941,126</u> |
| Total capital assets not being depreciated | \$ <u>5,166,490</u> | \$ <u>1,704,363</u> | \$ <u>1,062,129</u> | \$ <u>5,808,724</u> |
| Capital assets being depreciated: | | | | |
| Buildings and systems | \$ 71,486,123 | \$ 1,062,129 | \$ 2,657,876 | \$ 69,890,376 |
| Machinery and equipment | <u>7,459,783</u> | <u>97,730</u> | <u>228,254</u> | <u>7,329,259</u> |
| Total capital asset being depreciated | \$ <u>78,945,906</u> | \$ <u>1,159,859</u> | \$ <u>2,886,130</u> | \$ <u>77,219,635</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and systems | \$ 11,688,236 | \$ 1,810,261 | \$ 377,735 | \$ 13,120,762 |
| Machinery and equipment | <u>6,557,124</u> | <u>322,355</u> | <u>228,254</u> | <u>6,651,225</u> |
| Total accumulated depreciation | \$ <u>18,245,360</u> | \$ <u>2,132,616</u> | \$ <u>605,989</u> | \$ <u>19,771,987</u> |
| Capital assets, depreciable, net | \$ <u>60,700,546</u> | \$ <u>(972,757)</u> | \$ <u>2,280,141</u> | \$ <u>57,447,648</u> |
| Net capital assets primary government | \$ <u>65,867,036</u> | \$ <u>731,606</u> | \$ <u>3,342,270</u> | \$ <u>63,256,372</u> |
| Component Unit-School Board: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 130,523 | \$ - | \$ - | \$ 130,523 |
| Total capital assets not being depreciated | \$ <u>130,523</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>130,523</u> |
| Capital assets being depreciated: | | | | |
| Machinery and equipment | \$ 8,605,546 | \$ 12,300 | \$ - | \$ 8,617,846 |
| Buildings and systems | <u>30,681,952</u> | <u>2,657,876</u> | <u>15,000</u> | <u>33,324,828</u> |
| Total capital assets being depreciated | \$ <u>39,287,498</u> | \$ <u>2,670,176</u> | \$ <u>15,000</u> | \$ <u>41,942,674</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | \$ 6,662,937 | \$ 346,609 | \$ - | \$ 7,009,546 |
| Buildings and systems | <u>14,267,809</u> | <u>1,128,703</u> | <u>15,000</u> | <u>15,381,512</u> |
| Total accumulated depreciation | \$ <u>20,930,746</u> | \$ <u>1,475,312</u> | \$ <u>15,000</u> | \$ <u>22,391,058</u> |
| Capital assets, depreciable, net | \$ <u>18,356,752</u> | \$ <u>1,194,864</u> | \$ <u>-</u> | \$ <u>19,551,616</u> |
| Net capital assets component unit school board | \$ <u>18,487,275</u> | \$ <u>1,194,864</u> | \$ <u>-</u> | \$ <u>19,682,139</u> |

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 | \$ 836,715 |
| Depreciation on joint tenancy assets - school board | \$ 1,295,901 |
| Total Governmental activities | \$ 2,132,616 |

Component Unit School Board:

| | |
|--|---------------------|
| Depreciation expense | \$ 1,097,577 |
| Depreciation on joint tenancy assets | 377,735 |
| Total Component Unit School Board | \$ 1,475,312 |

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 |
|---|--|-------------------|---------------------|---|--------------------------------------|
| Governmental Obligations: | | | | | |
| 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 Obligation Bonds | | Revenue Bonds | | Capital Leases | | Note Payable | | |
| | Principal | Interest | 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 | \$ 46,235,869 | \$ 18,093,825 | \$ 5,600,151 | \$ 672,032 |

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

| | Amount Outstanding |
|--|-----------------------|
| <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%. | 670,000 |
| Total Revenue Bonds - Incurred by Primary Government | \$ 1,465,365 |
| <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. | \$ 534,723 |
| Total General Obligation Bonds - Incurred by Primary Government | \$ 534,723 |
| <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)

| | Amount Outstanding |
|--|-----------------------|
| <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 | <u>1,260,367</u> |
| 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. | <u>2,040,051</u> |
| 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%. | \$ <u>448,692</u> |
| 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. | \$ <u>739,232</u> |
| Compensated absences payable | <u>\$ 891,883</u> |
| Other post-employment benefits obligation | <u>\$ 112,400</u> |
| Accrued landfill postclosure care costs | <u>\$ 1,562,056</u> |
| Total long-term obligations | <u>\$ 58,850,738</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 | 79,600 | 299,800 | 345,100 | 34,300 | - |
| 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 | \$ 2,700 | \$ 3,000 | \$ 2,800 | \$ 2,900 | \$ - |
| 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)

Note 9—Landfill Postclosure Costs:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County 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:

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 | 1,312,854 |
| | <hr/> |
| Total deferred revenue - governmental funds (Exhibit 3) | \$ 20,005,789 |
| | <hr/> |

Note 11—Commitments and Contingencies:

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)

Note 11—Commitments and Contingencies: (Continued)

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:

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:

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:

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

Note 14—Defined Benefit Pension Plan: (Continued)

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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 Progress

County

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%.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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 |

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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 Program

A. 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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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:

| Fiscal Year Ending | Annual OPEB Cost (ARC) | Percentage of ARC Contributed | Net OPEB Obligation |
|----------------------|------------------------|-------------------------------|---------------------|
| 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% | - |

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements June 30, 2012 (Continued)

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

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:

| | County | School Board |
|---|------------|-----------------|
| 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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

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:

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 - | |
|---|------------------|----------------|-------------------|---------------------------------|--|
| | Original | Final | Actual Amounts | Positive (Negative) | |
| | | | | | |
| 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 | \$ 35,503,563 | \$ 36,008,365 | \$ 34,626,138 | \$ (1,382,227) | |
| 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 | \$ 34,380,876 | \$ 36,140,228 | \$ 35,060,912 | \$ 1,079,316 | |
| Excess (deficiency) of revenues over (under) expenditures | \$ 1,122,687 | \$ (131,863) | \$ (434,774) | \$ (302,911) | |
| 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) | \$ (1,307,687) | \$ (1,580,433) | \$ (1,349,226) | \$ 231,207 | |
| 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 | \$ - | \$ - | \$ 11,549,907 | \$ 11,549,907 | |

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 | | |
| REVENUES | | | | |
| 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 | \$ 5,686,219 | \$ 5,697,460 | \$ 5,933,384 | \$ 235,924 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Health and welfare | \$ 7,027,469 | \$ 7,251,956 | \$ 7,383,995 | \$ (132,039) |
| Total expenditures | \$ 7,027,469 | \$ 7,251,956 | \$ 7,383,995 | \$ (132,039) |
| Excess (deficiency) of revenues over (under) expenditures | \$ (1,341,250) | \$ (1,554,496) | \$ (1,450,611) | \$ 103,885 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 1,341,250 | \$ 1,554,496 | \$ 1,450,611 | \$ (103,885) |
| Total other financing sources (uses) | \$ 1,341,250 | \$ 1,554,496 | \$ 1,450,611 | \$ (103,885) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

Required Supplementary Information

Schedule of Pension Funding Progress - Virginia Retirement System

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 (6) | 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 Accrued Liability (AAL) | Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2) | Funded Ratio (2) / (3) | Annual Covered Payroll (6) | 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 (6) | 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 (6) | 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 (6) | 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 (6) | 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 (6) | 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 |
|--|-----------------------------|--|
| ASSETS | | |
| 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 | \$ 1,082,142 | \$ 1,082,142 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 7,711 | \$ 7,711 |
| Total liabilities | \$ 7,711 | \$ 7,711 |
| 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 | \$ 1,074,431 | \$ 1,074,431 |
| Total liabilities and fund balances | \$ 1,082,142 | \$ 1,082,142 |

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 |
|--|-----------------------------|--|
| REVENUES | | |
| 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 | \$ 1,849,831 | \$ 1,849,831 |
| EXPENDITURES | | |
| 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 | \$ 1,766,112 | \$ 1,766,112 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 83,719 | \$ 83,719 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | \$ 7,895 | \$ 7,895 |
| Total other financing sources (uses) | \$ 7,895 | \$ 7,895 |
| Net change in fund balances | \$ 91,614 | \$ 91,614 |
| Fund balances - beginning | 982,817 | 982,817 |
| Fund balances - ending | \$ 1,074,431 | \$ 1,074,431 |

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2012

| | State and Federal Grants Fund | William M. Tuck Airport Fund | Total |
|--|-------------------------------------|------------------------------------|---------------------|
| ASSETS | | | |
| 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 | \$ 422,375 | \$ 659,767 | \$ 1,082,142 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 7,711 | \$ - | \$ 7,711 |
| Total liabilities | \$ 7,711 | \$ - | \$ 7,711 |
| 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 | \$ 414,664 | \$ 659,767 | \$ 1,074,431 |
| Total liabilities and fund balances | \$ 422,375 | \$ 659,767 | \$ 1,082,142 |

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 |
|--|-------------------------------------|------------------------------------|----------------------------|
| REVENUES | | | |
| 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> |
| EXPENDITURES | | | |
| 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> |
| OTHER FINANCING SOURCES (USES) | | | |
| 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 | <u>462,109</u> | <u>520,708</u> | <u>982,817</u> |
| 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 | | | | Variance with Final Budget | |
|---|-------------------------------|--------------------|--------------------|------------------------|-------------------------------|--|
| | Budgeted Amounts | | Actual | 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> | \$ - | \$ (21,437) | | |
| Total other financing sources (uses) | \$ <u>21,437</u> | \$ <u>21,437</u> | \$ - | \$ (21,437) | | |
| 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> | | |

Exhibit 20

William M. Tuck Airport Fund

| Budgeted Amounts | | | Variance with Final Budget | |
|------------------|---------------|------------------|-------------------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| \$ | 61,000 | \$ 61,000 | \$ 86,942 | \$ 25,942 |
| | - | - | - | - |
| | - | - | 28,388 | 28,388 |
| | - | - | 876,401 | 876,401 |
| \$ | <u>61,000</u> | <u>\$ 61,000</u> | <u>\$ 991,731</u> | <u>\$ 930,731</u> |
| \$ | - | \$ - | \$ - | \$ - |
| | - | - | - | - |
| | - | - | - | - |
| 54,532 | | 54,532 | 150,390 | (95,858) |
| - | | - | 710,177 | (710,177) |
| 6,402 | | 6,402 | - | 6,402 |
| 66 | | 66 | - | 66 |
| \$ | <u>61,000</u> | <u>\$ 61,000</u> | <u>\$ 860,567</u> | <u>\$ (799,567)</u> |
| \$ | - | \$ - | \$ 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 | | | | | |
|--|--------------------|--------------------------------------|----------------------|-------------------|--|
| | Special Welfare | Halifax County War Memorial | Heritage Festival | Total | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ <u>24,046</u> | \$ <u>14,943</u> | \$ <u>80,477</u> | \$ <u>119,466</u> | |
| LIABILITIES | | | | | |
| Accrued liabilities | \$ <u>-</u> | \$ <u>14,943</u> | \$ <u>-</u> | \$ <u>14,943</u> | |
| Amounts held for social services clients | \$ <u>24,046</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>24,046</u> | |
| Amounts held for others | \$ <u>-</u> | \$ <u>-</u> | \$ <u>80,477</u> | \$ <u>80,477</u> | |
| Total liabilities | \$ <u>24,046</u> | \$ <u>14,943</u> | \$ <u>80,477</u> | \$ <u>119,466</u> | |

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 |
|---|-----------------------------|---------------------------------------|--|--------------------------------|
| ASSETS | | | | |
| 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> |
| LIABILITIES AND FUND BALANCES | | | | |
| 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 |
|--|-----------------------------|---------------------------------------|--|--------------------------------|
| REVENUES | | | | |
| 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 | \$ 54,051,370 | \$ - | \$ 3,225,552 | \$ 57,276,922 |

EXPENDITURES

| | | | | |
|--|---------------|--------------|--------------|---------------|
| 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 | \$ 54,051,370 | \$ 228,264 | \$ 3,662,921 | \$ 57,942,555 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ (228,264) | \$ (437,369) | \$ (665,633) |
| 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 | \$ - | \$ 1,491,396 | \$ 571,013 | \$ 2,062,409 |

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> |

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 | |
|---|-----------------------|---------------|---------------|------------------------|-------------------------------|--|
| | Budgeted Amounts | | Actual | Positive (Negative) | | |
| | 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 | \$ 53,924,894 | \$ 53,924,894 | \$ 54,051,370 | \$ 126,476 | | |
| 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 | \$ 53,924,894 | \$ 53,924,894 | \$ 54,051,370 | \$ (126,476) | | |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ - | \$ - | | |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - | | |
| Fund balances - beginning | - | - | - | - | | |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - | | |

Exhibit 25

School Capital Projects Fund

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

Combining Balance Sheet

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

June 30, 2012

| | School Cafeteria Fund | School Textbook Fund | Total |
|--|-----------------------------|----------------------------|-------------------|
| ASSETS | | | |
| 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 | \$ 330,317 | \$ 463,992 | \$ 794,309 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 68,401 | \$ 68,401 |
| Accrued liabilities | 147,238 | 7,657 | 154,895 |
| Total liabilities | \$ 147,238 | \$ 76,058 | \$ 223,296 |
| Fund balances: | | | |
| Committed for: | | | |
| Education - food service | \$ 183,079 | \$ - | \$ 183,079 |
| Education - textbooks | - | 387,934 | 387,934 |
| Total fund balances | \$ 183,079 | \$ 387,934 | \$ 571,013 |
| Total liabilities and fund balances | \$ 330,317 | \$ 463,992 | \$ 794,309 |

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

| | School Cafeteria Fund | School Textbook Fund | Total |
|---|-----------------------------|----------------------------|--------------|
| REVENUES | | | |
| 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 | \$ 3,203,486 | \$ 22,066 | \$ 3,225,552 |
| EXPENDITURES | | | |
| Current: | | | |
| Education | \$ 3,291,066 | \$ 371,855 | \$ 3,662,921 |
| Total expenditures | \$ 3,291,066 | \$ 371,855 | \$ 3,662,921 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (87,580) | \$ (349,789) | \$ (437,369) |
| Net change in fund balances | \$ (87,580) | \$ (349,789) | \$ (437,369) |
| Fund balances - beginning | 270,659 | 737,723 | 1,008,382 |
| Fund balances - ending | \$ 183,079 | \$ 387,934 | \$ 571,013 |

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 | |
|---|-----------------------|---------------------|---------------------|------------------------|-------------------------------|--|
| | Budgeted Amounts | | Actual | Positive (Negative) | | |
| | 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 | \$ <u>_____ -</u> | \$ <u>_____ -</u> | \$ <u>(87,580)</u> | \$ <u>(87,580)</u> | | |
| Fund balances - beginning | \$ <u>_____ -</u> | \$ <u>_____ -</u> | \$ <u>270,659</u> | \$ <u>270,659</u> | | |
| Fund balances - ending | \$ <u>_____ -</u> | \$ <u>_____ -</u> | \$ <u>183,079</u> | \$ <u>183,079</u> | | |

Exhibit 28

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

Balance Sheet
 Discretely Presented Component Unit - Regional Library
 June 30, 2012

| | <u>Regional Library</u> |
|--|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 10,142 |
| Total assets | <u>\$ 10,142</u> |
| LIABILITIES AND FUND BALANCES | |
| 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> |
|--|-----------------------------|
| REVENUES | |
| Charges for services | \$ 31,783 |
| Miscellaneous | 30,233 |
| Intergovernmental revenues: | |
| Local government | 220,847 |
| Commonwealth | 121,377 |
| Total revenues | \$ 404,240 |
| EXPENDITURES | |
| Current: | |
| Parks, recreation, and cultural | \$ 479,626 |
| Total expenditures | \$ 479,626 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (75,386) |
| Net change in fund balances | \$ (75,386) |
| Fund balances - beginning | 85,528 |
| Fund balances - ending | \$ 10,142 |
| 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. | (200) |
| Change in net assets of governmental activities | \$ (75,586) |

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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 | \$ 554,717 | \$ 557,018 | \$ 424,872 | \$ (132,146) |
| 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 | \$ 570,820 | \$ 902,200 | \$ 460,114 | \$ (442,086) |
| 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 | \$ 323,974 | \$ 323,974 | \$ 427,976 | \$ 104,002 |
| Total revenue from local sources | \$ 29,989,156 | \$ 30,322,837 | \$ 29,105,204 | \$ (1,217,633) |
| 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 | \$ 2,572,416 | \$ 2,572,416 | \$ 2,561,175 | \$ (11,241) |
| 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 | \$ 2,623,627 | \$ 2,790,582 | \$ 2,611,999 | \$ (178,583) |

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 | \$ 303,364 | \$ 307,530 | \$ 288,226 | \$ (19,304) |
| Total categorical aid | \$ 2,926,991 | \$ 3,098,112 | \$ 2,900,225 | \$ (197,887) |
| Total revenue from the Commonwealth | \$ 5,499,407 | \$ 5,670,528 | \$ 5,461,400 | \$ (209,128) |
| Revenue from the federal government: | | | | |
| Noncategorical aid: | | | | |
| Payments in lieu of taxes | \$ 15,000 | \$ 15,000 | \$ 41,146 | \$ 26,146 |
| 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 | \$ - | \$ - | \$ 18,388 | \$ 18,388 |
| Total revenue from the federal government | \$ 15,000 | \$ 15,000 | \$ 59,534 | \$ 44,534 |
| Total General Fund | \$ 35,503,563 | \$ 36,008,365 | \$ 34,626,138 | \$ (1,382,227) |
| Special Revenue Funds: | | | | |
| Virginia Public Assistance Fund: | | | | |
| Revenue from local sources: | | | | |
| Miscellaneous | \$ - | \$ - | \$ 57,102 | \$ 57,102 |
| Total revenue from local sources | \$ - | \$ - | \$ 57,102 | \$ 57,102 |
| 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 | \$ 3,189,162 | \$ 3,189,162 | \$ 3,645,480 | \$ 456,318 |
| 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 | \$ 2,497,057 | \$ 2,508,298 | \$ 2,230,802 | \$ (277,496) |
| Total Virginia Public Assistance Fund | \$ 5,686,219 | \$ 5,697,460 | \$ 5,933,384 | \$ 235,924 |

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) |
|---|-----------------|--------------|------------|--|
| Special Revenue Funds: (Continued) | | | | |
| State and Federal Grants Fund: | | | | |
| Revenue from local sources: | | | | |
| Miscellaneous revenue: | | | | |
| Other miscellaneous | \$ - | \$ - | \$ 1,830 | \$ 1,830 |
| Total miscellaneous revenue | \$ - | \$ - | \$ 1,830 | \$ 1,830 |
| Intergovernmental Revenue: | | | | |
| 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 |
| William M. Tuck Airport Fund: | | | | |
| 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 |
| Intergovernmental Revenue: | | | | |
| 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 | \$ 952,870 | \$ 1,061,003 | \$ 1,016,219 | \$ 44,784 |
| Correction and detention: | | | | |
| Regional jail | \$ 2,397,561 | \$ 2,442,861 | \$ 2,388,772 | \$ 54,089 |
| Inspections: | | | | |
| Building | \$ 206,726 | \$ 206,726 | \$ 197,143 | \$ 9,583 |
| Other protection: | | | | |
| Animal control | \$ 226,773 | \$ 235,773 | \$ 240,710 | \$ (4,937) |
| Medical examiner | 1,500 | 1,500 | 220 | 1,280 |
| Total other protection | \$ 228,273 | \$ 237,273 | \$ 240,930 | \$ (3,657) |
| Total public safety | \$ 6,934,956 | \$ 7,213,312 | \$ 7,044,849 | \$ 168,463 |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Public works and environmental services | \$ 2,181,284 | \$ 2,578,563 | \$ 2,297,373 | \$ 281,190 |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 1,000,266 | \$ 1,000,266 | \$ 814,428 | \$ 185,838 |
| Total public works | \$ 3,181,550 | \$ 3,578,829 | \$ 3,111,801 | \$ 467,028 |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | \$ 249,199 | \$ 249,199 | \$ 249,199 | \$ - |
| Mental health and mental retardation: | | | | |
| Community services board | \$ 67,450 | \$ 67,450 | \$ 67,450 | \$ - |
| Welfare: | | | | |
| Tax relief for the elderly | \$ - | \$ - | \$ 52,432 | \$ (52,432) |
| Other social services | 12,200 | 12,200 | 12,200 | - |
| Total welfare | \$ 12,200 | \$ 12,200 | \$ 64,632 | \$ (52,432) |
| Total health and welfare | \$ 328,849 | \$ 328,849 | \$ 381,281 | \$ (52,432) |

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 | \$ 12,951,993 | \$ 12,951,993 | \$ 13,025,793 | \$ (73,800) |
| 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 | \$ 207,600 | \$ 209,349 | \$ 222,899 | \$ (13,550) |
| Cultural enrichment: | | | | |
| Halifax / South Boston Museum | \$ 10,386 | \$ 10,386 | \$ 10,385 | \$ 1 |
| Total cultural enrichment | \$ 10,386 | \$ 10,386 | \$ 10,385 | \$ 1 |
| Library: | | | | |
| Contribution to county library | \$ 158,847 | \$ 158,847 | \$ 158,847 | \$ - |
| Total parks, recreation, and cultural | \$ 376,833 | \$ 378,582 | \$ 392,131 | \$ (13,549) |
| 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 | \$ 900,379 | \$ 1,783,509 | \$ 1,560,218 | \$ 223,291 |
| Environmental management: | | | | |
| Environmental management | \$ 155,438 | \$ 156,206 | \$ 158,208 | \$ (2,002) |
| 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 | \$ 123,178 | \$ 133,425 | \$ 129,242 | \$ 4,183 |
| Total community development | \$ 1,178,995 | \$ 2,073,140 | \$ 1,847,668 | \$ 225,472 |
| 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 | \$ 160,000 | \$ 160,000 | \$ 236,293 | \$ (76,293) |

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) | | | | |
| 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> |
| Special Revenue Funds: | | | | |
| 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> |
| State and Federal Grants Fund: | | | | |
| 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 | \$ - | \$ - | \$ 291,049 | \$ (291,049) |
| 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 | \$ 52,392 | \$ 52,392 | \$ 40,405 | \$ 11,987 |
| | | | | |
| Total School Fund | \$ 53,924,894 | \$ 53,924,894 | \$ 54,051,370 | \$ (126,476) |
| School Cafeteria Fund: | | | | |
| Education: | | | | |
| School food services | \$ 2,850,000 | \$ 2,850,000 | \$ 3,291,066 | \$ (441,066) |
| | | | | |
| Total School Cafeteria Fund | \$ 2,850,000 | \$ 2,850,000 | \$ 3,291,066 | \$ (441,066) |
| School Textbook Fund: | | | | |
| Education: | | | | |
| Instruction | \$ - | \$ - | \$ 371,855 | \$ (371,855) |
| | | | | |
| Total School Textbook Fund | \$ - | \$ - | \$ 371,855 | \$ (371,855) |
| School Capital Projects Fund: | | | | |
| Capital projects expenditures: | | | | |
| School construction projects | \$ - | \$ - | \$ 228,264 | \$ (228,264) |
| | | | | |
| Total School Capital Projects Fund | \$ - | \$ - | \$ 228,264 | \$ (228,264) |
| Total Discretely Presented Component Unit - School Board | | | | |
| | \$ 56,774,894 | \$ 56,774,894 | \$ 57,942,555 | \$ (1,167,661) |

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 Administration | Judicial Administration | Public Safety | Health and Welfare | | Education | Recreation, and Cultural | Parks, Community Development | Interest on Long-term Debt | Business-Type Activities (2) | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------------|--------------------|---------------|--------------------------|------------------------------|----------------------------|------------------------------|---------------|
| | | | | Public Works | Health and Welfare | | | | | | |
| 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

Government-Wide Revenues
Last Ten Fiscal Years

Table 2

| Fiscal Year | PROGRAM REVENUES | | | | | GENERAL REVENUES | | | | |
|-------------|----------------------|------------------------------------|----------------------------------|------------------------|-------------------|----------------------------------|------------------------|-------------------------------------|--------------------------|--|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | General Property Taxes | Other Local Taxes | Unrestricted Investment Earnings | Miscellaneous Earnings | Not Restricted to Specific Programs | Grants and Contributions | |
| | | | | | | | | | | |
| 2002-03 | \$ 804,286 | \$ 7,689,931 | \$ 1,104,067 | \$ 14,094,304 | \$ 5,297,557 | \$ 426,705 | \$ 261,498 | \$ 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 | 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 | 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 | 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 | 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 | 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 | 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 | 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 | 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 | 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 Administration | | Public Safety | | Public Works | | Health and Welfare | | Education (2) | | Parks, Recreation, and Cultural | | Community Development | | Non-Departmental | | Debt Service | | Total | |
|-------------|--------------------|------------|-------------------------|----------------|---------------|---------------|--------------|--------------|--------------------|-------------|---------------|---------------|---------------------------------|-------------|-----------------------|-----------|------------------|------------------|--------------|------|---------|-------|
| | Administration | Government | Judicial | Administration | Public | Safety | Public | Works | Health | and Welfare | Education | (2) | Parks, | Recreation, | and Cultural | Community | Development | Non-Departmental | Debt Service | Debt | Service | Total |
| 2002-03 | \$ 1,182,399 | \$ 825,764 | \$ 5,347,849 | \$ 5,344,883 | \$ 4,941,390 | \$ 47,006,169 | \$ 295,194 | \$ 2,042,159 | \$ 64,861,664 | - | \$ 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 | 316,043 | 3,049,065 | 69,220,527 | - | 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 | 361,636 | 4,029,065 | 75,976,059 | - | 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 | 379,530 | 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 | 445,885 | 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 | 424,717 | 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 | 591,205 | 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 | 584,207 | 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 | 598,521 | 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 | 397,131 | 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 | | | Permits, Privilege Fees, and Forfeitures | | | Revenue from the Use of Money and Property | | | Charges for Services | | | Recovered Costs | | | Inter-governmental (2) | | | Total |
|-------------|----------------|--------------|-------------|--|-------------|--------------|--|------------|---------------|----------------------|--|--|-----------------|--|--|------------------------|--|--|-------|
| | Property Taxes | Local Taxes | Other Taxes | Regulatory Licenses | Forfeitures | | | | | | | | | | | | | | |
| 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

Property Tax Levies and Collections
Last Ten Fiscal Years

Table 5

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

Assessed Value of Taxable Property
Last Ten Fiscal Years

Table 6

| Fiscal Year | Real Estate (1) | | Personal Property | | Machinery and Tools | | Mobile Homes | | Public Utility (2) | | Total |
|-------------|------------------|----------------|-------------------|---------------|---------------------|------------------|--------------|--------|--------------------|--------|-------|
| | Year | Estate | Property | Personal | Tools | and | Homes | Mobile | Utility | Public | |
| 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

Property Tax Rates (1)
Last Ten Fiscal Years

Table 7

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

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) | Ratio of Net Bonded Debt to Assessed Value | | | Ratio of Net Bonded Debt per Capita |
|-------------|----------------|-----------------------------------|-----------------------|--|-----------------------------------|----------------------------|-------------------------------------|
| | | | | Net Bonded Debt | 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.

Table 8

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 | Service | Ratio of Debt Service to General Governmental Expenditures | | |
|----------------|--------------|------------|--------------|--|--|-------|
| | | | | Total Debt | Total 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, Farney, Cox & 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 | | <u>876,401</u> |
| 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 | <u>9,564</u> |
| 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 | | | |
| Twenty-First Century Community Learning Centers | 84.048 | V048A110046 | 136,090 |
| 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 | | | |
| ARRA - Education Jobs Funds | 84.365 | S365A110046 | 18,664 |
| Improving Teacher Quality - State grants | 84.410 | S410A100047 | 22,307 |
| | 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

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 | \$ 3,615,472 |

Component Unit Public Schools:

| | |
|-------------------------------------|--------------|
| School Operating Fund | \$ 5,422,357 |
| School Cafeteria Fund | 2,174,106 |
| Total component unit public schools | \$ 7,596,463 |

Less amounts not reported on Schedule of Expenditures of Federal Awards

| | | |
|---|---------------|----------|
| Department of Interior - Payments in lieu of taxes | 15.226 | (41,146) |
| Total federal expenditures per basic financial statements | \$ 11,170,789 | |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ 11,170,789 | |

COUNTY OF HALIFAX, VIRGINIA

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

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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