
GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2012

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ STAUNTON □ BLACKSBURG



Greensville County School Board
(A Component Unit of the County of Greenville, Virginia)

School Board

Marguerite K. Burton, Chairman

Tony M. Conwell, Vice-Chairman

Janey V. Bush

Rhonda Jones-Gilliam

Bessie Reed-Moore

Danny Rook

Superintendent of Schools

Dr. Philip L. Worrell

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

To the School Board of Greenville County Emporia, Virginia

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Greenville County School Board (a component unit of the County of Greenville, Virginia), as of and for the year ended June 30, 2012, which collectively comprise the Greenville County School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greenville County School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund, of the Greenville County School Board, as of June 30, 2012, and the changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013 on our consideration of the Greenville County School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and 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 Greenville County School Board's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary 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
January 8, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Greenville County School Board (A component unit of the County of Greenville, Virginia), we offer this narrative overview and analysis of the financial performance and overview of the Board's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented herein in connection with the Board's basic financial statements.

Financial Highlights For FY2012

The assets of the School Board exceeded its liabilities at the close of the most recent fiscal year by \$13,640,549.

The Board's net assets decreased by \$347,617 for the current year.

Overview of the Financial Statements

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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the School Board that are principally supported by intergovernmental revenues. The governmental activities of the Board are items relating to the education of children.

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 Greenville County School Board, (A component unit of the County of Greenville, Virginia), like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board has only governmental funds.

Overview of the Financial Statements (continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided on Exhibit 4. The Board has three major governmental funds - the General Fund, the Capital Projects Fund, and the School Cafeteria Fund.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Board's financial position. In the case of the Board, assets exceeded liabilities by \$13,640,549 at the close of the most recent fiscal year.

Financial Analysis of the Board as a Whole

Two years of information are presented in order to provide a comparative analysis of government-wide information.

Statement of Net Assets

The following table reflects the condensed Statements of Net Assets:

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

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 5,152,930	\$ 4,716,244
Capital assets	11,942,635	12,308,292
Total assets	<u>\$ 17,095,565</u>	<u>\$ 17,024,536</u>
Current liabilities	\$ 3,328,616	\$ 2,914,970
Long-term liabilities	126,400	121,400
Total liabilities	<u>\$ 3,455,016</u>	<u>\$ 3,036,370</u>
Net assets:		
Invested in capital and other assets, net of related debt	\$ 11,942,635	\$ 12,308,292
Unrestricted	1,697,914	1,679,874
Total net assets	<u>\$ 13,640,549</u>	<u>\$ 13,988,166</u>
Total liabilities and net assets	<u>\$ 17,095,565</u>	<u>\$ 17,024,536</u>

Statement of Net Assets (Continued)

The Board's combined net assets decreased by \$347,617 during the year. The increase in current and other assets is attributable to increased cash and amounts due from other governments. This resulted from the receipt of more federal operating grants. It is also attributed to the retaining of debt service reserves by the School Board.

At the end of the current fiscal year, the Board is able to report positive balances in both categories of net assets.

The following table shows the revenues and expenses of the Board for the past two fiscal years:

Changes in Net Assets		
For the Fiscal Year Ended June 30, 2012 and 2011		
	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 3,657,766	\$ 3,759,539
Operating grants and contributions	9,701,787	9,930,039
General revenues:		
Basic aid	8,201,820	8,071,980
State sales tax	2,217,374	2,198,344
Grants and other contributions unrestricted	2,779,145	3,043,667
Other	200,631	270,710
Total revenues	\$ 26,758,523	\$ 27,274,279
Expenses:		
Instruction	\$ 19,817,829	\$ 21,014,773
Administration, Attendance & Health	997,080	1,005,130
Pupil Transportation Services	1,764,524	1,994,785
Operation & Maintenance Services	3,288,323	887,724
School Food Service	1,238,384	1,245,277
Total expenses	\$ 27,106,140	\$ 26,147,689
Increase (decrease) in net assets	\$ (347,617)	\$ 1,126,590
Net assets - beginning	13,988,166	12,861,576
Net assets - ending	\$ 13,640,549	\$ 13,988,166

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

Statement of Net Assets (Continued)

The Greenville County School Board's investment in capital and other assets as of June 30, 2012 and 2011 amounts to \$11,942,635 and \$12,308,292 (net of accumulated depreciation). Below is a list of the items that makeup capital assets as of June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Land	\$ 442,775	\$ 442,775
Buildings and improvements (net)	9,148,989	9,216,936
Machinery & Equipment (net)	2,350,871	1,351,174
Construction in progress	-	1,297,407
Total capital assets and other investments	<u>\$ 11,942,635</u>	<u>\$ 12,308,292</u>

Economic Factors and Review of Operations

The Greenville County School Board (A component unit of the County of Greenville, Virginia), is an organization dedicated to educating the youth of Greenville County and the City of Emporia, Virginia. The Board is governed by a 6 member School Board, appointed by the Board of Supervisors of Greenville County, Virginia and the City Council of the City of Emporia, Virginia. Greenville County appoints four of the six members, while the City of Emporia appoints the other two.

The Board has a cost agreement between the County of Greenville, Virginia and the City of Emporia, Virginia. The current contract was approved in December 2002 and expires in June of 2013. The agreement allocates the net local costs for each locality for education. For the year ended June 30, 2012, the Board had local costs of \$6,386,873. The local costs were allocated based on the agreement as follows:

	<u>Local</u>
County of Greenville, Virginia	\$ 3,351,304
City of Emporia, Virginia	<u>3,035,569</u>
Total Local Costs	<u>\$ 6,386,873</u>

These amounts do not agree to the amounts reported in the financial statements due to the difference in the budgeted and actual capital transfers.

See Note 6 for more information.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be directed to the Finance Director, Greenville County School Board, 105 Ruffin Street, Emporia, VA 23847.

BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 1

Statement of Net Assets
June 30, 2012

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,729,300
Due from other governmental units	1,933,623
Prepaid expenses	251,844
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	238,163
Capital assets (net of accumulated depreciation):	
Land	442,775
Buildings and improvements	9,148,989
Machinery and equipment	<u>2,350,871</u>
Total assets	<u>\$ 17,095,565</u>
LIABILITIES	
Accounts payable	\$ 402,278
Accrued liabilities	1,739,256
Due to City of Emporia	61,052
Due to County of Greenville	626,030
Long term advance	500,000
Long-term liabilities:	
Due in more than one year	<u>126,400</u>
Liabilities payable from restricted assets	-
Total liabilities	<u>\$ 3,455,016</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 11,942,635
Unrestricted	<u>1,697,914</u>
Total net assets	<u><u>\$ 13,640,549</u></u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental activities:					
Instruction	\$ 19,817,829	\$ 3,362,549	\$ 8,705,465	\$ -	\$ (7,749,815)
Administration, attendance and health	997,080	-	-	-	(997,080)
Pupil transportation services	1,764,524	-	-	-	(1,764,524)
Operation and maintenance services	3,288,323	-	-	-	(3,288,323)
School food service	1,238,384	295,217	996,322	-	53,155
Total governmental activities	\$ 27,106,140	\$ 3,657,766	\$ 9,701,787	\$ -	\$ (13,746,587)
General revenues:					
Basic aid				\$ 8,201,820	
State sales tax				2,217,374	
Unrestricted revenues from use of money and property				9,904	
Miscellaneous				176,107	
Payment from County of Greenville				2,779,145	
Gain on disposal of capital assets				14,620	
Total general revenues				\$ 13,398,970	
Change in net assets					(347,617)
Net assets - beginning					13,988,166
Net assets - ending					\$ 13,640,549

BASIC FINANCIAL STATEMENTS

- *Fund Financial Statements* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,457,240	\$ 785,519	\$ 486,541	\$ 2,729,300
Due from other funds	-	-	271,949	271,949
Due from other governmental units	1,887,176	46,447	-	1,933,623
Prepaid items	251,844	-	-	251,844
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	4,189	-	238,163	242,352
Total assets	<u>\$ 3,600,449</u>	<u>\$ 831,966</u>	<u>\$ 996,653</u>	<u>\$ 5,429,068</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 402,278	\$ -	\$ -	\$ 402,278
Accrued liabilities	1,739,140	116	-	1,739,256
Due to City of Emporia	61,052	-	-	61,052
Due to County of Greenville	626,030	-	-	626,030
Due to other funds	271,949	-	-	271,949
Long term advance	500,000	-	-	500,000
Total liabilities	<u>\$ 3,600,449</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ 3,600,565</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 251,844	\$ -	\$ -	\$ 251,844
Restricted:				
Capital projects - energy improvements	-	-	996,653	996,653
Committed to:				
School cafeteria fund	-	831,850	-	831,850
Unassigned	(251,844)	-	-	(251,844)
Total fund balances	<u>\$ -</u>	<u>\$ 831,850</u>	<u>\$ 996,653</u>	<u>\$ 1,828,503</u>
Total liabilities and fund balances	<u>\$ 3,600,449</u>	<u>\$ 831,966</u>	<u>\$ 996,653</u>	<u>\$ 5,429,068</u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 4

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	\$	1,828,503
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amounts reported below are net of accumulated depreciation.

Land	\$	442,775	
Buildings and improvements		9,148,989	
Machinery and equipment		<u>2,350,871</u>	11,942,635

Activity and assets related to debt issuances transferred to the primary government for reporting purposes on the government-wide statements

Restricted cash		<u>(4,189)</u>	(4,189)
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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			<u>(126,400)</u>
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Net assets of governmental activities	\$	<u><u>13,640,549</u></u>
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GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances

- Governmental Funds

For the Year Ended June 30, 2012

	<u>General</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>Total</u>
REVENUES				
Revenue from the use of				
money and property	\$ 9,670	\$ -	\$ 234	\$ 9,904
Charges for services	3,362,549	295,217	-	3,657,766
Miscellaneous	176,107	-	-	176,107
Intergovernmental revenues:				
Local government	1,287,443	-	-	1,287,443
Commonwealth	16,089,266	22,144	-	16,111,410
Federal	3,035,393	974,178	-	4,009,571
Total revenues	<u>\$ 23,960,428</u>	<u>\$ 1,291,539</u>	<u>\$ 234</u>	<u>\$ 25,252,201</u>
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 18,902,298	\$ -	\$ -	\$ 18,902,298
Administration, attendance and health	1,048,809	-	-	1,048,809
Pupil transportation services	1,540,069	-	-	1,540,069
Operation and maintenance services	2,486,572	-	-	2,486,572
School food service	-	1,268,733	-	1,268,733
Total expenditures	<u>\$ 23,977,748</u>	<u>\$ 1,268,733</u>	<u>\$ -</u>	<u>\$ 25,246,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (17,320)</u>	<u>\$ 22,806</u>	<u>\$ 234</u>	<u>\$ 5,720</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	<u>\$ 17,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,320</u>
Total other financing sources (uses)	<u>\$ 17,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,320</u>
Net change in fund balances	\$ -	\$ 22,806	\$ 234	\$ 23,040
Fund balances - beginning	<u>-</u>	<u>809,044</u>	<u>996,419</u>	<u>1,805,463</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 831,850</u></u>	<u><u>\$ 996,653</u></u>	<u><u>\$ 1,828,503</u></u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 6

Reconciliation of the 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	\$	23,040
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital Additions	\$	1,067,335	
Capital outlay for jointly owned assets		(720,000)	
Depreciation		<u>(710,293)</u>	(362,958)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(2,699)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Other post-employment benefits expense	<u>(5,000)</u>
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Change in net assets of governmental activities	\$ <u><u>(347,617)</u></u>
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The notes to the financial statements are an integral part of this statement.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2012

Note 1 - Summary of Significant Accounting Policies:

The Greenville County School Board (a component unit of the County of Greenville, Virginia) is governed by an appointed six member School Board. The Board consists of four representatives from the County of Greenville, Virginia and two representatives from the City of Emporia, Virginia. The Board of Supervisors is responsible for appointing the School Superintendent. The Board provides educational services for the children of the County of Greenville, Virginia and the City of Emporia, Virginia.

The financial statements of the Greenville County School Board (a component unit of the County of Greenville, 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.

Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, effects 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.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The School Board has no proprietary or fiduciary funds.

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 reporting model, governments provide budgetary comparison information in their annual reports including the government's original budget and a comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Greenville County School Board (a component unit of the County of Greenville, Virginia). 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. The Greenville County School Board (a component unit of the County of Greenville, Virginia) has no component units at June 30, 2012.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

B. 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 Board 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. 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 (instruction, school food, etc.) which are otherwise being supported by general government revenues. 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 (instruction, administration, attendance, and health, etc.).

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.

In the fund financial statements, financial transactions and accounts of the School Board 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.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

1. Governmental Funds

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

Governmental Funds account for the expendable financial resources, other than those accounted for in proprietary and similar trust funds. The Governmental Funds measurement focus is on determination of financial position and changes in financial position, rather than on net income determination. The individual Governmental funds are:

General Fund - The General 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 School Board which are not accounted for and reported in other funds. Revenues are derived primarily from intergovernmental grants.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants.

Capital Projects Fund - A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

C. Budgets and Budgetary Accounting

The following procedures are used by the School Board in establishing the budgetary data reflected in the financial statements.

1. Prior to March 30, the School Board submits to the Board of Supervisors, a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget 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 by the Board of Supervisors of Greenville County.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors upon request by the School Board.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the Special Revenue Funds and the Capital Projects Fund.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2012 (continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

C. Budgets and Budgetary Accounting (continued)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all School Board expenditures.

D. 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. The School Board has no investments at June 30, 2012.

E. 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 "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

F. 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 School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	10

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

G. Compensated Absences

In accordance with Governmental Accounting Standards Board Statement No. 16 *Accounting for Compensated Absences*, the Greenville County School Board (a component unit of the County of Greenville, Virginia) considered the liability arising from outstanding compensated absences.

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Assets. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. According to the personnel policy of Greenville County School Board, (a component unit of the County of Greenville, Virginia) employees are not eligible for any "terminal leave" prior to termination or retirement.

H. Fund Equity

Beginning with fiscal year 2011, the School implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement 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.

The School Board 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 (such as for special incentives). Assigned fund balance is established by the School Board 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).

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

H. Fund Equity: (Continued)

In accordance with GASB Statement 54, when fund balance resources are available for a specific purpose in more than one classification, it is the School Board's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

I. Retirement Plan

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

J. 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.

K. Prepaid Items

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

L. 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.

Note 2 - 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.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 2 - Deposits and Investments: (continued)Investments

Statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The School Board has no investments at June 30, 2012.

Note 3 - Due From Other Governmental Units:

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

	<u>General</u>	<u>School Cafeteria</u>
Commonwealth of Virginia:		
State sales tax	\$ 395,399	\$ -
Technology fund	308,000	
Special education - jails	3,682	-
Federal Government:		
21st century learning	90,232	-
ARRA Education Jobs	646,668	
Title VI Rural	8,569	
Preschool Handicapped	2,949	-
Title I	194,946	-
Title II	35,044	-
Title VI-B	201,687	-
School food program	-	46,447
	<u> </u>	<u> </u>
Total due from other governments	\$ 1,887,176	\$ 46,447
	<u> </u>	<u> </u>

Amounts due to other governments are as follows:

Other Local Governments:	
County of Greenville	\$ 626,030
City of Emporia	61,052
	<u> </u>
	\$ 687,082
	<u> </u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2012 (continued)

Note 4 - Interfund Balances:

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

<u>Fund</u>	<u>Due From Balance</u>	<u>Due To Balance</u>
General	\$ -	\$ 271,949
School Capital Projects	271,949	-
Total	<u>\$ 271,949</u>	<u>\$ 271,949</u>

This balance represents funds held by the general fund that will be provided for capital projects at a future date.

Note 5 - Capital Assets:

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

Discretely Presented Component Unit School Board:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 442,775	\$ -	\$ -	\$ 442,775
Construction in progress	1,297,407	-	1,297,407	-
Total capital assets not being depreciated	<u>\$ 1,740,182</u>	<u>\$ -</u>	<u>\$ 1,297,407</u>	<u>\$ 442,775</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 35,506,234	\$ -	\$ -	\$ 35,506,234
Machinery and equipment	3,763,013	1,383,592	151,635	4,994,970
Jointly owned assets	(18,436,629)	981,150	720,000	(18,175,479)
Total capital assets being depreciated	<u>\$ 20,832,618</u>	<u>\$ 2,364,742</u>	<u>\$ 871,635</u>	<u>\$ 22,325,725</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 10,202,119	\$ 839,648	\$ -	\$ 11,041,767
Machinery and equipment	2,411,839	381,197	148,936	2,644,100
Jointly owned assets	(2,349,450)	308,456	819,008	(2,860,002)
Total accumulated depreciation	<u>\$ 10,264,508</u>	<u>\$ 1,529,301</u>	<u>\$ 967,944</u>	<u>\$ 10,825,865</u>
Total capital assets being depreciated, net	<u>\$ 10,568,110</u>	<u>\$ 835,441</u>	<u>\$ (96,309)</u>	<u>\$ 11,499,860</u>
Governmental activities capital assets, net	<u>\$ 12,308,292</u>	<u>\$ 835,441</u>	<u>\$ 1,201,098</u>	<u>\$ 11,942,635</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2012 (continued)

Note 5 - Capital Assets: (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 911,788
Pupil transportation services	224,150
Operation and maintenance services	81,259
School food service	3,648
	<u>\$ 1,220,845</u>

Note 6 - Local Contributions:

Due to GASB 34, school boards no longer show debt obligations. Because the School Board legally cannot issue debt, the debt is shown on the County's financial statements. Although the School Board pays annual debt service, the expenditure is reported as being made by the County. In order for this presentation, the local contribution is reduced by the expenditure of debt service as follows:

	Actual Net Contribution By Localities	Principal Payments	Interest Payments	Contributions per financial statements
Greenville	\$ 3,351,304	\$ 1,340,468	\$ 723,393	\$ 1,287,443
Emporia	3,035,569	-	-	3,035,569
Total	<u>\$ 6,386,873</u>	<u>\$ 1,340,468</u>	<u>\$ 723,393</u>	<u>\$ 4,323,012</u>

Note 7 - 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.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 7 - 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 website 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.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2012 (continued)

Note 7 - Defined Benefit Pension Plan: (continued)

B. Funding Policy

Non-professional

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation to the VRS. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2012 was 6.66% of annual covered payroll.

C. Annual Pension Cost

Non-professional

For fiscal year 2012, the School Board's annual pension cost of \$55,747 (does not include employee share of \$41,852 which was assumed by the School Board) was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board - Primary Government

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 82,895	100%	\$ -
June 30, 2011	71,094	100%	-
June 30, 2012	55,747	100%	-

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 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. The 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.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 7 - Defined Benefit Pension Plan: (continued)

D. Funded Status and Funding Progress

Non-professional

As of June 30, 2011, the most recent actuarial valuation date, the plan was 85.60% funded. The actuarial accrued liability for benefits was \$5,561,225, and the actuarial value of assets was \$4,760,347, resulting in an unfunded actuarial accrued liability (UAAL) of \$800,878. The covered payroll (annual payroll of active employees covered by the plan) was \$1,009,234 and ratio of the UAAL to the covered payroll was 79.36%.

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.

Professional Employees

A. Plan Description

The Greenville School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

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 website 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.

B. Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Greenville School Board is required to contribute at an actuarially determined rate. The current rate is 6.33% of annual covered payroll. The contribution requirements of plan members and Greenville School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2012, 2011, and 2010 were \$1,330,810, \$1,073,335 and \$840,589, respectively, equal to the required contributions for each year.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 8 - Surety Bond Information:

Officials designated in the following summary were under bond in the amounts indicated:

Hartford Accident and Indemnity Company - Surety:

Philip L. Worrell, Superintendent	\$	10,000
Angela B. Wilson, Clerk of School Board		10,000
Rick L. Pirkey, Deputy Clerk of the School Board		10,000
Romine T. Braswell, Bookkeeper		10,000
Lisa Harrell, Payroll Clerk		10,000
LaTina Stephens, Administrative Assistant		10,000

Note 9 - Commitments and Contingencies:

The Board participates in a number of federal and state grants, and loan programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives. Furthermore, the U.S. Congress passed the *Single Audit Act Amendments of 1996* which requires most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in the County of Greenville, Virginia's Financial Report. Complete financial statements for the County of Greenville, Virginia are available at 1781 Greenville County Circle, Emporia, Virginia, 23093.

Note 10 - Risk Management:

The School Board 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 School Board joined together with other local governments in Virginia to form the Virginia Association of Counties Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The School Board pays an annual premium to the association for its general liability insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Board continues to carry workman's compensation commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - Litigation:

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

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 12 - City/County School Cost Agreement:

The City of Emporia and the County of Greenville are parties to an agreement that contains provisions for cost sharing, representation and other matters relating to the Greenville County Public School System. The current agreement expires December 13, 2013.

Pursuant to an agreement between the above parties, the School Board has recorded a \$500,000 long-term advance. The amount was allocated between the County and City based upon fiscal year 2006 allocated expenditures. The allocated amounts are as follows:

County of Greenville	\$	275,000
City of Emporia		<u>225,000</u>
Total long-term advance	\$	<u><u>500,000</u></u>

Note 13 - Other Post-Employment Benefits Program:

Background

Beginning in fiscal year 2009, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the School Board's retiree health benefit subsidy. Historically, the School Board's subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the School Board 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 School Board. This funding methodology mirrors the funding approach used for pension benefits.

A. Plan Description

In addition to the pension benefits described in Note 7, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from School Board service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) have the ability to remain on the School Board's medical and dental insurance plans up to the age when they become eligible for Medicare (age 65). The retiree's spouse can also receive benefits under the plan.

B. Funding Policy

Individuals retiring from the School Board have the ability to remain on the School Board's medical and dental insurance plans. The School Board does not offer a subsidy towards the retiree or the retiree's spouse's premiums.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 13 - Other Post-Employment Benefits Program: (continued)**C. Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 84,700
Interest on net OPEB obligation	4,900
Adjustment to annual required contribution	(5,000)
Annual OPEB cost (expense)	\$ 84,600
Estimated contributions made	(79,600)
Increase in net OPEB obligation	\$ 5,000
Net OPEB obligation - beginning of year	\$ 121,400
Net OPEB obligation - end of year	\$ 126,400

For FY2012, the School Board's cash payment of \$79,600 was \$5,000 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 94,095	43.36%	\$ 106,595
June 30, 2011	83,005	82.16%	121,400
June 30, 2012	84,600	94.09%	126,400

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2012 (continued)

Note 13 - Other Post-Employment Benefits Program: (continued)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 is as follows:

Actuarial accrued liability (AAL)	\$	1,075,800
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		1,075,800
Funded ratio (actuarial value of plan assets/AAL)		-
Covered payroll (annual payroll of active employees covered by the plan)		11,020,927
UAAL as a percentage of covered payroll		9.76%

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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at 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.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Both rates included a 2.5% 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 thirty years.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2012 (continued)

Note 13 - Other Post-Employment Benefits Program: (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.

Interest Assumptions

	<u>Unfunded</u>
Investment rate of return	4.00%
Health cost trend assumption	10.00%
Payroll growth	2.50%

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.

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 7

General Fund

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 9,670	\$ 7,670
Charges for services	3,452,094	3,452,094	3,362,549	(89,545)
Miscellaneous	346,538	346,538	176,107	(170,431)
Intergovernmental revenues:				
County contribution to school board	1,275,876	1,275,876	1,287,443	11,567
Commonwealth	16,116,624	16,116,624	16,089,266	(27,358)
Federal	3,750,037	3,750,037	3,035,393	(714,644)
Total revenues	\$ 24,943,169	\$ 24,943,169	\$ 23,960,428	\$ (982,741)
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 19,743,566	\$ 19,743,566	\$ 18,902,298	\$ 841,268
Administration, attendance and health	1,073,178	1,073,178	1,048,809	24,369
Pupil transportation services	1,725,427	1,580,427	1,540,069	40,358
Operation and maintenance services	2,400,998	2,545,998	2,486,572	59,426
Total expenditures	\$ 24,943,169	\$ 24,943,169	\$ 23,977,748	\$ 965,421
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (17,320)	\$ (17,320)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ 17,320	\$ 17,320
Total other financing sources and uses	\$ -	\$ -	\$ 17,320	\$ 17,320
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 8

School Cafeteria Fund

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Charges for services	\$ 382,000	\$ 382,000	\$ 295,217	\$ (86,783)
Intergovernmental revenues:				
Commonwealth	26,532	26,532	22,144	(4,388)
Federal	977,281	977,281	974,178	(3,103)
Total revenues	<u>\$ 1,385,813</u>	<u>\$ 1,385,813</u>	<u>\$ 1,291,539</u>	<u>\$ (94,274)</u>
EXPENDITURES				
Current:				
School food service	\$ 1,385,813	\$ 1,385,813	\$ 1,268,733	\$ 117,080
Total expenditures	<u>\$ 1,385,813</u>	<u>\$ 1,385,813</u>	<u>\$ 1,268,733</u>	<u>\$ 117,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,806</u>	<u>\$ 22,806</u>
Net change in fund balances	\$ -	\$ -	\$ 22,806	\$ 22,806
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>809,044</u>	<u>809,044</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 831,850</u></u>	<u><u>\$ 831,850</u></u>

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 9

Required Supplementary Information
Schedules of Funding Progress
For the Year Ended June 30, 2012

Virginia Retirement System						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
06/30/11	\$ 4,760,347	\$ 5,561,225	\$ 800,878	85.60%	\$ 1,009,234	79.36%
06/30/10	\$ 4,763,492	\$ 5,650,682	\$ 887,190	84.30%	\$ 1,187,574	74.71%
06/30/09	4,763,967	5,146,865	382,898	92.56%	1,181,911	32.40%

Other-Post Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
07/01/10	\$ -	\$ 1,075,800	\$ 1,075,800	0.00%	\$ 11,020,927	9.76%
01/01/09	-	901,600	901,600	0.00%	11,020,927	8.18%

OTHER SUPPLEMENTARY INFORMATION

- *Supporting Schedules* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1

Page 1 of 3

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 2,000	\$ 2,000	\$ 9,670	\$ 7,670
Total revenue from use of money and property	\$ 2,000	\$ 2,000	\$ 9,670	\$ 7,670
Charges for services:				
Tuition - City of Emporia (Note 6)	\$ 3,222,094	\$ 3,222,094	\$ 3,035,569	\$ (186,525)
Charges to other localities	230,000	230,000	326,980	96,980
Total charges for services	\$ 3,452,094	\$ 3,452,094	\$ 3,362,549	\$ (89,545)
Miscellaneous revenue:				
Miscellaneous	\$ 346,538	\$ 346,538	\$ 176,107	\$ (170,431)
Total miscellaneous revenue	\$ 346,538	\$ 346,538	\$ 176,107	\$ (170,431)
Total revenue from local sources	\$ 3,800,632	\$ 3,800,632	\$ 3,548,326	\$ (252,306)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Greenville, Virginia (Note 6)	\$ 1,275,876	\$ 1,275,876	\$ 1,287,443	\$ 11,567
Total revenues from local governments	\$ 1,275,876	\$ 1,275,876	\$ 1,287,443	\$ 11,567
Revenue from the Commonwealth:				
Other categorical aid:				
Share of state sales tax	\$ 2,275,478	\$ 2,275,478	\$ 2,217,374	\$ (58,104)
Basic school aid	8,375,333	8,375,333	8,201,820	(173,513)
Remedial education	415,201	415,201	409,244	(5,957)
Gifted and talented	87,556	87,556	86,296	(1,260)
Special education	1,029,630	1,029,630	1,014,868	(14,762)
Textbook payment	78,917	78,917	84,870	5,953
Remedial summer school	132,670	132,670	128,272	(4,398)
Vocational education	277,057	277,057	273,088	(3,969)
Vocational education - equipment	-	-	5,838	5,838
Group life fringe benefits	19,457	19,457	19,177	(280)
Social security fringe benefits	518,322	518,322	510,881	(7,441)
Retirement fringe benefits	469,680	469,680	462,939	(6,741)
State lottery payments	253,494	253,494	54,462	(199,032)
Early reading intervention	44,543	44,543	28,075	(16,468)
Homebound	33,494	33,494	43,521	10,027
Special education - regional	-	-	54,750	54,750
Special education - jails	11,551	11,551	9,495	(2,056)

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1

Page 2 of 3

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (continued)				
Special education - foster care	\$ -	\$ -	\$ 6,603	\$ 6,603
Regional Governor's school	-	-	19,801	19,801
At risk payments	640,411	640,411	631,574	(8,837)
At risk payments - 4 year olds	364,709	364,709	364,709	-
Primary class size	637,240	637,240	626,668	(10,572)
Vocational occupational/technical education	31,389	31,389	27,094	(4,295)
Technology Initiative	154,000	154,000	308,000	154,000
Standards of Learning algebra readiness	55,563	55,563	53,124	(2,439)
Mentor teacher program	-	-	1,970	1,970
Administrative software	-	-	31,015	31,015
Operational support	-	-	206,396	206,396
Other state funds	<u>210,929</u>	<u>210,929</u>	<u>207,342</u>	<u>(3,587)</u>
Total other categorical aid	\$ <u>16,116,624</u>	\$ <u>16,116,624</u>	\$ <u>16,089,266</u>	\$ <u>(27,358)</u>
Total categorical aid	\$ <u>16,116,624</u>	\$ <u>16,116,624</u>	\$ <u>16,089,266</u>	\$ <u>(27,358)</u>
Total revenue from the Commonwealth	\$ <u>16,116,624</u>	\$ <u>16,116,624</u>	\$ <u>16,089,266</u>	\$ <u>(27,358)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 875,381	\$ 875,381	\$ 896,010	\$ 20,629
Title VI-B, special education flow-through	697,882	697,882	618,118	(79,764)
Title VI-B, special education flow-through - ARRA	-	-	40,445	40,445
Vocational education	35,000	35,000	36,520	1,520
Title VI-B, special education pre-school	-	-	11,787	11,787
Title VI-B, special education pre-school - ARRA	-	-	7,704	7,704
Title II-A Teacher Quality	29,622	29,622	224,969	195,347
Title V-A	-	-	52,111	52,111
Title II - D, Education technology	-	-	7,210	7,210
Title II - D, Education technology - ARRA	-	-	500	500
21st century learning	-	-	415,924	415,924
ARRA Education jobs	-	-	646,668	646,668
Other federal funds	<u>2,112,152</u>	<u>2,112,152</u>	<u>77,427</u>	<u>(2,034,725)</u>
Total categorical aid	\$ <u>3,750,037</u>	\$ <u>3,750,037</u>	\$ <u>3,035,393</u>	\$ <u>(714,644)</u>
Total revenue from the federal government	\$ <u>3,750,037</u>	\$ <u>3,750,037</u>	\$ <u>3,035,393</u>	\$ <u>(714,644)</u>
Total General Fund	\$ <u>24,943,169</u>	\$ <u>24,943,169</u>	\$ <u>23,960,428</u>	\$ <u>(982,741)</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1
Page 3 of 3

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ <u>382,000</u>	\$ <u>382,000</u>	\$ <u>295,217</u>	\$ <u>(86,783)</u>
Total charges for services	\$ <u>382,000</u>	\$ <u>382,000</u>	\$ <u>295,217</u>	\$ <u>(86,783)</u>
Categorical aid:				
School food	\$ <u>26,532</u>	\$ <u>26,532</u>	\$ <u>22,144</u>	\$ <u>(4,388)</u>
Total categorical aid	\$ <u>26,532</u>	\$ <u>26,532</u>	\$ <u>22,144</u>	\$ <u>(4,388)</u>
Total revenue from the Commonwealth	\$ <u>26,532</u>	\$ <u>26,532</u>	\$ <u>22,144</u>	\$ <u>(4,388)</u>
Revenue from the federal government:				
Categorical aid:				
School food	\$ <u>977,281</u>	\$ <u>977,281</u>	\$ <u>974,178</u>	\$ <u>(3,103)</u>
Total categorical aid	\$ <u>977,281</u>	\$ <u>977,281</u>	\$ <u>974,178</u>	\$ <u>(3,103)</u>
Total revenue from the federal government	\$ <u>977,281</u>	\$ <u>977,281</u>	\$ <u>974,178</u>	\$ <u>(3,103)</u>
Total School Cafeteria Fund	\$ <u>1,385,813</u>	\$ <u>1,385,813</u>	\$ <u>1,291,539</u>	\$ <u>(94,274)</u>
School Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ <u>-</u>	\$ <u>-</u>	\$ <u>234</u>	\$ <u>234</u>
Total revenue from use of money and property	\$ <u>-</u>	\$ <u>-</u>	\$ <u>234</u>	\$ <u>234</u>
Total revenue from local sources	\$ <u>-</u>	\$ <u>-</u>	\$ <u>234</u>	\$ <u>234</u>
Total School Capital Projects	\$ <u>-</u>	\$ <u>-</u>	\$ <u>234</u>	\$ <u>234</u>
Total all funds	\$ <u>26,328,982</u>	\$ <u>26,328,982</u>	\$ <u>25,252,201</u>	\$ <u>(1,076,781)</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 2

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Education:				
Instruction	\$ 19,743,566	\$ 19,743,566	\$ 18,902,298	\$ 841,268
Administration, attendance and health	1,073,178	1,073,178	1,048,809	24,369
Pupil transportation services	1,725,427	1,580,427	1,540,069	40,358
Operation and maintenance	<u>2,400,998</u>	<u>2,545,998</u>	<u>2,486,572</u>	<u>59,426</u>
Total education	\$ <u>24,943,169</u>	\$ <u>24,943,169</u>	\$ <u>23,977,748</u>	\$ <u>965,421</u>
Total School Operating Fund	\$ <u><u>24,943,169</u></u>	\$ <u><u>24,943,169</u></u>	\$ <u><u>23,977,748</u></u>	\$ <u><u>965,421</u></u>
School Cafeteria Fund:				
School Food Service:				
School food administration	\$ <u>1,385,813</u>	\$ <u>1,385,813</u>	\$ <u>1,268,733</u>	\$ <u>117,080</u>
Total All Funds	\$ <u><u>26,328,982</u></u>	\$ <u><u>26,328,982</u></u>	\$ <u><u>25,246,481</u></u>	\$ <u><u>1,082,501</u></u>

COMPLIANCE

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 SCHOOL BOARD OF GREENSVILLE COUNTY
EMPORIA, VIRGINIA

We have audited the financial statements of the governmental activities, and each major fund, of the Greenville County School Board (a component unit of the County of Greenville, Virginia), as of and for the year ended June 30, 2012, which collectively comprise the Greenville County School Board's basic financial statements and have issued our report thereon dated January 8, 2013. 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 the School Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Greenville County School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greenville County School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greenville County School Board'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 the Greenville County School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 8, 2013