

COUNTY OF SUSSEX, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2012**

COUNTY OF SUSSEX, VIRGINIA

Board of Supervisors

Rufus E. Tyler, Sr., Chairperson
C. Eric Fly, Sr.
John A. Stringfield

Alfred G. Futrell
Charlie E. Caple, Jr.
Raymond L. Warren

Department of Social Services

Charlie E. Caple, Jr., Chairperson
Delores Spain
Freddie Stringfield
Cynthia Pegram

William Bain
Norfleet Givens
Miriam D. Edwards

County School Board

Lisa H. Winfield, Chairperson
Marvin Morris, Jr.
Doris C. Hamlin

Laurie S. Lathan
Roderick N. Curley
Gloria S. Holloman

Other Officials

County Administrator.....	Thomas E. Harris
Director of Social Services.....	Chequila H. Fields
Superintendent of Schools.....	Dr. Charles H. Harris, III
Treasurer	Onnie L. Woodruff
Commissioner of the Revenue	Ellen G. Boone
Commonwealth's Attorney	Lyndia Person-Ramsey
Sheriff.....	Raymond R. Bell
Clerk of the Circuit Court.....	Gary M. Williams
Judge of the Circuit Court.....	W. Allan Sharrett
Judge of the General District Court	Stephen Bloom
Judge of the Juvenile and Domestic Relations Court	Carson Saunders

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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 Sussex
Sussex, Virginia**

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2013, on our consideration of the County of Sussex, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and 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 Sussex, Virginia's financial statements as a whole. The other supplementary information and 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 other supplementary information 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 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.

A handwritten signature in black ink, appearing to read "R. F. Cox", followed by a long horizontal line.

Richmond, Virginia
January 28, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$36,756,920 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$1,567,997 (Exhibit 5) after making contributions totaling \$7,614,487 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$25,276,721, an increase of \$1,567,997 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,192,419, or 23% of total general fund expenditures and other uses.
- < The combined long-term obligations increased \$4,346,520 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$36,756,920 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Sussex, Virginia's Net Assets			
		Governmental Activities	
		 2012	 2011
Current and other assets	\$	25,356,898	\$ 23,796,992
Restricted assets		955,718	767,672
Capital assets		<u>37,171,857</u>	<u>33,184,184</u>
Total assets	\$	<u>63,484,473</u>	\$ <u>57,748,848</u>
Current liabilities	\$	970,265	\$ 542,133
Long-term liabilities outstanding		<u>25,757,288</u>	<u>21,410,768</u>
Total liabilities	\$	<u>26,727,553</u>	\$ <u>21,952,901</u>
Net assets:			
Invested in capital assets, net of related debt	\$	14,829,183	\$ 15,191,554
Restricted for Debt Service		955,718	767,672
Unrestricted		<u>20,972,019</u>	<u>19,836,721</u>
Total net assets	\$	<u><u>36,756,920</u></u>	\$ <u><u>35,795,947</u></u>

Government-wide Financial Analysis (Continued)

The County's net assets increased by \$960,973 during the current fiscal year. The following table summarizes the County's Statement of Activities

County of Sussex, Virginia's Changes in Net Assets			
	Governmental Activities		
	2012	2011	
Charges for services	\$ 6,969,432	\$ 8,012,050	
Operating grants and contributions	4,459,264	4,544,066	
Capital grants and contributions	755,500	5,896	
General property taxes	7,370,633	7,321,690	
Other local taxes	1,071,020	981,129	
Grants and other contributions not restricted	1,476,144	2,064,221	
Other general revenues	348,495	455,267	
Total revenues	\$ 22,450,488	\$ 23,384,319	
General government administration	\$ 1,723,664	\$ 1,625,465	
Judicial administration	1,125,133	1,091,275	
Public safety	5,211,151	5,076,704	
Public works	745,138	718,552	
Health and welfare	2,973,785	3,164,197	
Education	7,668,587	9,530,650	
Parks, recreation, and cultural	200,550	196,825	
Community development	1,400,525	734,337	
Interest and other fiscal charges	440,982	591,427	
Total expenses	\$ 21,489,515	\$ 22,729,432	
Change in net assets	\$ 960,973	\$ 654,887	
Net assets, beginning of year	35,795,947	35,141,060	
Net assets, end of year	\$ 36,756,920	\$ 35,795,947	

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$25,276,721, an increase of \$1,567,997 in comparison with the prior year. Approximately 21% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$19,957,003. \$955,718 of this was restricted for debt, while \$19,001,285 was committed to current or future capital projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of \$1,280,762 and can be briefly summarized as follows:

- < \$ 151,598 increase in public safety expenditures
- < \$ 98,706 increase in community development expenditures
- < \$ 86,825 increase in general government administration expenditures
- < \$ 55,267 increase in judicial administration expenditures
- < \$ 89,427 increase in health and welfare expenditures
- < \$ 750,000 increase in capital projects expenditures
- < \$ 48,939 increase in various other expenditures

During the year, budgetary estimates exceeded revenues and other financing sources by \$348,420. Budgetary estimates and expenditures and other financing uses by \$1,286,168. The combination of the two resulted in a positive variance of \$937,748.

Capital Asset and Debt Administration

- < **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2012 amounts to \$37,171,857 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$21,651,700. Of this amount, \$21,471,233 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., capital leases).

The County's total debt decreased by \$3,659,070 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- < The unemployment rate for the County was 8.2 percent. The state's average unemployment rate was 5.7 percent as of the same date.
- < Inflationary trends in the region compare favorably to national indexes.

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

The fiscal year 2013 budget decreased by approximately 2%. All tax rates remained the same as in 2012.

Requests for Information

This financial report is designed to provide a general overview of the County of Sussex, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1397, Sussex, Virginia 23884.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Sussex, Virginia
Statement of Net Assets
June 30, 2012

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 23,185,874	\$ 1,327,004
Receivables (net of allowance for uncollectibles):		
Taxes receivable	477,816	-
Accounts receivable	611,140	58,703
Due from other governmental units	1,082,068	353,910
Prepaid expenses	-	125,726
Restricted assets:		
Temporarily restricted:		
Bond sinking funds	955,718	-
Capital assets (net of accumulated depreciation):		
Land	8,304,190	111,236
Buildings and improvements	26,038,796	8,641,313
Machinery and equipment	1,975,583	819,071
Construction in progress	853,288	-
Total assets	<u>\$ 63,484,473</u>	<u>\$ 11,436,963</u>
LIABILITIES		
Accounts payable	\$ 189,172	\$ 118,210
Accrued liabilities	-	1,071,276
Contracts payable	465,673	-
Accrued interest payable	297,091	-
Due to other governmental units	-	343,486
Unearned revenue	18,329	1,874
Long-term liabilities:		
Due within one year	1,202,297	118,638
Due in more than one year	24,554,991	1,518,438
Total liabilities	<u>\$ 26,727,553</u>	<u>\$ 3,171,922</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 14,829,183	\$ 9,571,620
Restricted for:		
Debt service and bond covenants	955,718	-
Unrestricted (deficit)	20,972,019	(1,306,579)
Total net assets	<u>\$ 36,756,920</u>	<u>\$ 8,265,041</u>

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

County of Sussex, Virginia
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit School Board
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,723,664	\$ -	\$ 199,092	\$ -	\$ (1,524,572)	\$ -
Judicial administration	1,125,133	922,188	471,000	-	268,055	-
Public safety	5,211,151	171,549	1,586,326	-	(3,453,276)	-
Public works	745,138	5,850,230	-	-	5,105,092	-
Health and welfare	2,973,785	-	1,971,445	-	(1,002,340)	-
Education	7,668,587	-	-	-	(7,668,587)	-
Parks, recreation, and cultural	200,550	-	-	-	(200,550)	-
Community development	1,400,525	25,465	231,401	755,500	(388,159)	-
Interest on long-term debt	440,982	-	-	-	(440,982)	-
Total governmental activities	\$ 21,489,515	\$ 6,969,432	\$ 4,459,264	\$ 755,500	\$ (9,305,319)	\$ -
Total primary government	\$ 21,489,515	\$ 6,969,432	\$ 4,459,264	\$ 755,500	\$ (9,305,319)	\$ -
COMPONENT UNIT:						
School Board	\$ 18,996,382	\$ 313,938	\$ 10,249,963	\$ -	\$ -	(8,432,481)
Total component unit	\$ 18,996,382	\$ 313,938	\$ 10,249,963	\$ -	\$ -	(8,432,481)
General revenues:						
General property taxes					\$ 7,370,633	\$ -
Local sales tax					647,242	-
Motor vehicle licenses					227,345	-
Other local taxes					196,433	-
Unrestricted revenues from use of money and property					233,729	386
Miscellaneous					114,766	197,898
Grants and contributions not restricted to specific programs					1,476,144	-
Payment from Sussex County					-	7,266,351
Total general revenues					\$ 10,266,292	\$ 7,464,635
Change in net assets					\$ 960,973	\$ (967,846)
Net assets - beginning					35,795,947	9,232,887
Net assets - ending					\$ 36,756,920	\$ 8,265,041

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

FUND FINANCIAL STATEMENTS

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County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,656,619	\$ 19,475,217	\$ 54,038	\$ 23,185,874
Receivables (net of allowance for uncollectibles):				
Taxes receivable	477,816	-	-	477,816
Accounts receivable	608,635	2,471	34	611,140
Due from other governmental units	1,082,068	-	-	1,082,068
Restricted assets:				
Temporarily restricted:				
Bond sinking funds	-	955,718	-	955,718
Total assets	<u>\$ 5,825,138</u>	<u>\$ 20,433,406</u>	<u>\$ 54,072</u>	<u>\$ 26,312,616</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 178,154	\$ 10,730	\$ 288	\$ 189,172
Contracts payable	-	465,673	-	465,673
Deferred revenue	381,050	-	-	381,050
Total liabilities	<u>\$ 559,204</u>	<u>\$ 476,403</u>	<u>\$ 288</u>	<u>\$ 1,035,895</u>
Fund balances:				
Restricted	\$ -	\$ 955,718	\$ -	\$ 955,718
Committed	73,515	19,001,285	53,784	19,128,584
Unassigned	5,192,419	-	-	5,192,419
Total fund balances	<u>\$ 5,265,934</u>	<u>\$ 19,957,003</u>	<u>\$ 53,784</u>	<u>\$ 25,276,721</u>
Total liabilities and fund balances	<u>\$ 5,825,138</u>	<u>\$ 20,433,406</u>	<u>\$ 54,072</u>	<u>\$ 26,312,616</u>

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

County of Sussex, Virginia
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	\$ 25,276,721
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 50,379,724	
Accumulated depreciation	<u>(13,207,867)</u>	37,171,857

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	362,721
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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. The following is a summary of items supporting this adjustment:

Compensated absences	\$ (331,877)	
OPEB liability	(116,500)	
Landfill postclosure costs	(2,966,237)	
Capital leases	(180,467)	
Literary fund loans	(10,659,805)	
General obligation bonds	(7,520,000)	
Bond premium	(690,974)	
QZAB bonds	(3,291,428)	
Accrued interest payable	<u>(297,091)</u>	(26,054,379)

Net assets of governmental activities	<u><u>\$ 36,756,920</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 7,685,234	\$ -	\$ -	\$ 7,685,234
Other local taxes	1,071,020	-	-	1,071,020
Permits, privilege fees, and regulatory licenses	129,359	-	-	129,359
Fines and forfeitures	695,809	-	-	695,809
Revenue from the use of money and property	160,064	73,551	114	233,729
Charges for services	6,108,533	34,787	944	6,144,264
Miscellaneous	106,903	-	7,863	114,766
Recovered costs	286,039	-	-	286,039
Intergovernmental revenues:				
Commonwealth	4,809,720	-	1,219	4,810,939
Federal	1,879,969	-	-	1,879,969
Total revenues	<u>\$ 22,932,650</u>	<u>\$ 108,338</u>	<u>\$ 10,140</u>	<u>\$ 23,051,128</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,652,293	\$ -	\$ -	\$ 1,652,293
Judicial administration	1,030,998	-	1,405	1,032,403
Public safety	5,066,868	-	21,018	5,087,886
Public works	858,074	-	-	858,074
Health and welfare	2,937,477	-	-	2,937,477
Education	7,566,391	50,000	-	7,616,391
Parks, recreation, and cultural	194,852	-	-	194,852
Community development	766,673	-	-	766,673
Capital projects	729,684	4,450,036	-	5,179,720
Debt service:				
Principal retirement	-	1,081,397	-	1,081,397
Interest and other fiscal charges	-	507,406	-	507,406
Total expenditures	<u>\$ 20,803,310</u>	<u>\$ 6,088,839</u>	<u>\$ 22,423</u>	<u>\$ 26,914,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,129,340</u>	<u>\$ (5,980,501)</u>	<u>\$ (12,283)</u>	<u>\$ (3,863,444)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 1,709,699	\$ -	\$ 1,709,699
Transfers out	(1,709,699)	-	-	(1,709,699)
Issuance of general obligation bonds	-	5,250,974	-	5,250,974
Issuance of capital leases	180,467	-	-	180,467
Total other financing sources (uses)	<u>\$ (1,529,232)</u>	<u>\$ 6,960,673</u>	<u>\$ -</u>	<u>\$ 5,431,441</u>
Net change in fund balances	\$ 600,108	\$ 980,172	\$ (12,283)	\$ 1,567,997
Fund balances - beginning	4,665,826	18,976,831	66,067	23,708,724
Fund balances - ending	<u>\$ 5,265,934</u>	<u>\$ 19,957,003</u>	<u>\$ 53,784</u>	<u>\$ 25,276,721</u>

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

County of Sussex, Virginia
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	\$	1,567,997
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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. The following is a summary of items supporting this adjustment:

Capital outlays	\$ 4,942,120	
Jointly owned asset allocation	348,136	
Depreciation expense	<u>(1,302,583)</u>	3,987,673

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(314,601)
--	--	-----------

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on state literary fund loans	\$ 711,397	
Principal retirement on general obligation bonds	370,000	
Issuance of general obligation bonds	(4,560,000)	
Bond premium	(690,974)	
Issuance of capital leases	(180,467)	
Decrease in landfill postclosure liability	<u>38,633</u>	(4,311,411)

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 compensated absences	\$ (10,609)	
(Increase) decrease in OPEB liability	(24,500)	
(Increase) decrease in accrued interest payable	<u>66,424</u>	31,315

Change in net assets of governmental activities	\$	<u><u>960,973</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private-Purpose <u>Trusts</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 130,715	\$ 13,236
Total assets	<u>\$ 130,715</u>	<u>\$ 13,236</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 608
Amounts held for others	-	5,664
Amounts held for inmates	-	6,964
Total liabilities	<u>\$ -</u>	<u>\$ 13,236</u>
NET ASSETS		
Held in trust for scholarships	\$ 130,715	\$ -
Total net assets	<u>\$ 130,715</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 130,715</u>	<u>\$ 13,236</u>

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

County of Sussex, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Private PurposeTrust <u>Funds</u>
ADDITIONS	
Investment earnings (losses)	\$ 2,712
Private donations	26,650
Total additions	<u>\$ 29,362</u>
DEDUCTIONS	
Scholarships	<u>\$ 9,200</u>
Total deductions	<u>\$ 9,200</u>
Change in net assets	20,162
Net assets - beginning	<u>\$ 110,553</u>
Net assets - ending	<u><u>\$ 130,715</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements As of June 30, 2012

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Sussex, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF SUSSEX, VIRGINIA

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many 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 report, including a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Sussex (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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2012.

Discretely Presented Component Units. The School Board members are elected by the citizens of Sussex County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2012.

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

None

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

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

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

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

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

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

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

COUNTY OF SUSSEX, VIRGINIA

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

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

D. 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 County reports the following as major governmental funds.

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 service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

Capital Projects Funds – The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays. The County also reports the County Capital Projects Fund as a major Capital Projects Fund.

The County reports the following nonmajor governmental funds:

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. The County Special Revenue Fund includes the operations of the law library and the drug forfeiture activity.

2. Fiduciary Funds – (Trust and Agency Funds) – account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Agency Funds include Special Welfare, Sheriff Information, Jail Inmate, Canteen and DARE Funds.

E. Cash and Cash Equivalents

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

F. Investments

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

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

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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” (i.e. the noncurrent portions of the interfund loans).

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 \$88,282 at June 30, 2012 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10

COUNTY OF SUSSEX, VIRGINIA

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

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

I. Compensated Absences

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

J. Retirement Plan

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

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Fund Equity

Beginning with fiscal year 2011, the County 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;

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

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

L. Fund Equity (Continued)

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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.

Board of Supervisors 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 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).

In the general fund, the County strives to maintain a committed fund balance to be used for BJA Revolving Trust funds, Indoor Plumbing activity, CDBG and Sussex garden project funds.

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	County Capital Projects Fund	County Special Revenue Fund	Total
Fund Balances:				
Restricted:				
Bond sinking funds	\$ -	\$ 955,718	\$ -	\$ 955,718
Total Restricted Fund Balance	\$ -	\$ 955,718	\$ -	\$ 955,718
Committed:				
Indoor Plumbing	\$ 38,085	\$ -	\$ -	\$ 38,085
CDBG	33,957	-	-	33,957
Capital Improvements	-	19,001,285	-	19,001,285
DHCD loan - Woodfuel	1,473	-	-	1,473
Forfeited asset	-	-	28,721	28,721
Law library	-	-	25,063	25,063
Total Committed Fund Balance	\$ 73,515	\$ 19,001,285	\$ 53,784	\$ 19,128,584
Unassigned Fund Balance	\$ 5,192,419	\$ -	\$ -	\$ 5,192,419
Total Fund Balances	\$ 5,265,934	\$ 19,957,003	\$ 53,784	\$ 25,276,721

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

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

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. On or before 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 department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

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

School Special Revenue	\$67,813
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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

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.

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).

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.

		Fair Quality Ratings
		AAAm
Local Government Investment Pool	\$	3,047,331
State Non-Arbitrage Pool		3,027,275
Money Market Mutual Fund		955,718
Total	\$	<u>7,030,324</u>

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the SNAP and Local Government Investment Pool (LGIP) is the same as the value of the pool shares. AS these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF SUSSEX, VIRGINIA

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

Note 4—Due to/from Other Governments:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Sussex County School Board	\$ 343,486	\$ -
Commonwealth of Virginia:		
Local sales tax	108,227	-
Welfare	50,804	-
Rolling stock tax	3,383	-
Circuit court records grant	2,368	-
State Sales Tax	-	228,969
Recordation tax	3,603	-
Department of Forestry - timber sales	122,146	-
Mobile home titling tax	3,287	-
Shared expenses	195,245	-
Communications tax	30,552	-
E-911 wireless	9,148	-
Fire programs	23,559	-
Comprehensive services	107,432	-
Federal Government:		
School fund grants	-	124,941
Welfare	78,828	-
Total due from other governments	\$ <u>1,082,068</u>	\$ <u>353,910</u>

At June 30, 2012, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ <u>-</u>	\$ <u>343,486</u>

COUNTY OF SUSSEX, VIRGINIA

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

Note 5—Capital Assets:

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

Primary Government:

	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 8,304,190	\$ -	\$ -	\$ 8,304,190
Construction in progress	<u>625,025</u>	<u>228,263</u>	<u>-</u>	<u>853,288</u>
Total capital assets not subject to depreciation	<u>\$ 8,929,215</u>	<u>\$ 228,263</u>	<u>\$ -</u>	<u>\$ 9,157,478</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 6,839,703	\$ -	\$ -	\$ 6,839,703
Machinery and equipment	6,464,219	305,777	-	6,769,996
Jointly owned assets	<u>22,462,628</u>	<u>4,408,080</u>	<u>(741,839)</u>	<u>27,612,547</u>
Total capital assets being depreciated	<u>\$ 35,766,550</u>	<u>\$ 4,713,857</u>	<u>\$ (741,839)</u>	<u>\$ 41,222,246</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,774,406	\$ 188,708	\$ -	\$ 2,963,114
Machinery and equipment	4,267,177	527,236	-	4,794,413
Jointly owned assets	<u>4,469,998</u>	<u>586,639</u>	<u>(393,703)</u>	<u>5,450,340</u>
Total accumulated depreciation	<u>\$ 11,511,581</u>	<u>\$ 1,302,583</u>	<u>\$ (393,703)</u>	<u>\$ 13,207,867</u>
Total capital assets being depreciated, net	<u>\$ 24,254,969</u>	<u>\$ 3,411,274</u>	<u>\$ (348,136)</u>	<u>\$ 28,014,379</u>
Governmental capital assets, net	<u><u>\$ 33,184,184</u></u>	<u><u>\$ 3,639,537</u></u>	<u><u>\$ (348,136)</u></u>	<u><u>\$ 37,171,857</u></u>

Component Unit - School Board:

	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 111,236	\$ -	\$ -	\$ 111,236
Total capital assets not subject to depreciation	<u>\$ 111,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,236</u>
Capital assets subject to depreciation:				
Machinery and equipment	\$ 3,610,060	\$ 27,967	\$ -	\$ 3,638,027
Jointly owned assets	<u>11,508,305</u>	<u>-</u>	<u>741,839</u>	<u>10,766,466</u>
Total capital assets being depreciated	<u>\$ 15,118,365</u>	<u>\$ 27,967</u>	<u>\$ 741,839</u>	<u>\$ 14,404,493</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ 2,519,540	\$ 299,416	\$ -	\$ 2,818,956
Jointly owned assets	<u>2,290,120</u>	<u>228,736</u>	<u>393,703</u>	<u>2,125,153</u>
Total accumulated depreciation	<u>\$ 4,809,660</u>	<u>\$ 528,152</u>	<u>\$ 393,703</u>	<u>\$ 4,944,109</u>
Total capital assets being depreciated, net	<u>\$ 10,308,705</u>	<u>\$ (500,185)</u>	<u>\$ 348,136</u>	<u>\$ 9,460,384</u>
Governmental capital assets, net	<u><u>\$ 10,419,941</u></u>	<u><u>\$ (500,185)</u></u>	<u><u>\$ 348,136</u></u>	<u><u>\$ 9,571,620</u></u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	64,521
Judicial administration		96,155
Public safety		496,524
Public works		5,312
Health and welfare		34,533
Education		586,639
Parks, recreation and cultural		5,698
Community development		<u>13,201</u>
Total Governmental activities	\$	<u><u>1,302,583</u></u>

Component Unit School Board	\$	<u><u>528,152</u></u>
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Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 1,709,699
County Capital Projects	<u>1,709,699</u>	<u>-</u>
Total	\$ <u><u>1,709,699</u></u>	\$ <u><u>1,709,699</u></u>
Component Unit- School Board:		
School Operating	\$ -	\$ 20,561
School Special Revenue	<u>20,561</u>	<u>-</u>
Total	\$ <u><u>20,561</u></u>	\$ <u><u>20,561</u></u>

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations:**Primary Government:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2012:

	<u>Balance at July 1, 2011</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 321,268	\$ 42,736	\$ 32,127	\$ 331,877	\$ 33,188
Capital leases (Note 8)	-	180,467	-	180,467	87,712
Landfill postclosure costs	3,004,870	605,525	644,158	2,966,237	-
OPEB liability	92,000	37,000	12,500	116,500	-
Total incurred by County	<u>\$ 3,418,138</u>	<u>\$ 865,728</u>	<u>\$ 688,785</u>	<u>\$ 3,595,081</u>	<u>\$ 120,900</u>
Incurred by School Board:					
Literary Fund Loans	\$ 11,371,202	\$ -	\$ 711,397	\$ 10,659,805	\$ 711,397
General obligation bonds	3,330,000	4,560,000	370,000	7,520,000	370,000
Bond premium	-	690,974	-	690,974	-
QZAB Bonds	3,291,428	-	-	3,291,428	-
Total incurred by School Board	<u>\$ 17,992,630</u>	<u>\$ 5,250,974</u>	<u>\$ 1,081,397</u>	<u>\$ 22,162,207</u>	<u>\$ 1,081,397</u>
Total Governmental Obligations	<u>\$ 21,410,768</u>	<u>\$ 6,116,702</u>	<u>\$ 1,770,182</u>	<u>\$ 25,757,288</u>	<u>\$ 1,202,297</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	School Board Obligations					
	General Obligation Bonds		QZAB Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 370,000	\$ 276,906	\$ -	\$ -	\$ 711,397	\$ 319,794
2014	600,000	321,572	-	-	711,397	308,452
2015	600,000	297,649	-	-	711,397	277,110
2016	600,000	271,307	-	-	711,397	255,768
2017	600,000	241,973	-	-	711,397	234,426
2018	600,000	211,488	-	-	711,397	213,085
2019	600,000	180,772	-	-	711,397	191,743
2020	600,000	149,823	-	-	711,397	170,401
2021	230,000	128,543	1,077,000	-	711,397	149,059
2022	230,000	116,928	-	-	711,397	127,717
2023	230,000	105,313	2,214,428	-	711,397	106,375
2024	230,000	93,698	-	-	711,397	85,033
2025	230,000	82,083	-	-	711,397	63,691
2026	225,000	70,594	-	-	711,400	42,349
2027	225,000	61,481	-	-	350,127	21,007
2028	225,000	53,494	-	-	350,117	10,504
2029	225,000	43,256	-	-	-	-
2030	225,000	34,144	-	-	-	-
2031	225,000	25,594	-	-	-	-
2032	225,000	15,357	-	-	-	-
2033	225,000	5,119	-	-	-	-
Total	<u>\$ 7,520,000</u>	<u>\$ 2,787,094</u>	<u>\$ 3,291,428</u>	<u>\$ -</u>	<u>\$ 10,659,805</u>	<u>\$ 2,576,514</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Details of long-term indebtedness:

General Obligations:

Incurred by County:

Landfill postclosure costs	\$	2,966,237
OPEB liability	\$	116,500
Capital Leases (Note 8)	\$	180,467
Compensated absences (payable from the General Fund)	\$	331,877
Total incurred by County	\$	3,595,081

Incurred by School Board:

QZAB Bonds:

\$1,077,000 QZAB bond issued December 23, 2005, due in one lump sum payment at December 23, 2020, interest rate at 0%.	\$	1,077,000
\$2,214,428 QZAB bonds issued November 17, 2006, due in one lump sum payment at November 17, 2022, interest 0%.		2,214,428
Total QZAB Bonds	\$	3,291,428

General Obligation Bonds:

\$7,430,000 VPSA bond issued April 26, 1999 in annual installments, interest payable semi-annually at coupon rates of 4.100% to 5.225% through July 15, 2019.	\$	2,960,000
\$4,560,000 VPSA bond issued May 10, 2012 due in annual installments, interest payable semi-annually at coupon rates of 2.55% to 5.05% through July 15, 2032.		4,560,000
Total General Obligation Bonds	\$	7,520,000
Bond Premium	\$	690,974
Total General Obligation Bonds	\$	8,210,974

COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)**General Obligations: (continued)****Incurred by School Board: (continued)****Literary Fund Loans:**

\$7,225,403 Literary loan issued October 1, 2005, due in annual installments of \$361,270 through October 1, 2025, interest at 3%.	\$	5,057,783
\$7,002,530 Literary loan issued January 1, 2012, due in annual installments of \$350,127 through January 1, 2028, interest at 3%.		<u>5,602,022</u>
Total Literary Fund Loans	\$	<u>10,659,805</u>
Total incurred by School Board	\$	<u>22,162,207</u>
Total General Obligations, Primary Government	\$	<u><u>25,757,288</u></u>

Discretely Presented Component Unit-School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2012:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Component Unit-School Board:					
VRS Early retirement liability	\$ 993,707	\$ -	\$ 46,229	\$ 947,478	\$ 49,928
OPEB liability	13,000	102,000	112,500	2,500	-
Compensated absences	<u>619,909</u>	<u>129,180</u>	<u>61,991</u>	<u>687,098</u>	<u>68,710</u>
Total Component Unit-School Board	<u><u>\$ 1,626,616</u></u>	<u><u>\$ 231,180</u></u>	<u><u>\$ 220,720</u></u>	<u><u>\$ 1,637,076</u></u>	<u><u>\$ 118,638</u></u>

COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)**Discretely Presented Component Unit-School Board: (Continued)**

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

Year Ending June 30	VRS Early Retirement Liability	
	Principal	Interest
2013	\$ 49,928	\$ 75,798
2014	53,921	71,805
2015	58,236	67,490
2016	62,894	62,832
2017	67,925	57,801
2018	73,360	52,366
2019	79,228	46,498
2020	85,567	40,159
2021	92,412	33,314
2022	99,805	25,921
2023	107,789	17,937
2024	116,413	9,313
Total	<u>\$ 947,478</u>	<u>\$ 561,234</u>

Details of long-term indebtedness:**General Obligations:**

VRS Early Retirement Liability, issued July 1, 1994 at 8% over 30 years	\$ <u>947,478</u>
OPEB liability	\$ <u>2,500</u>
Compensated absences (Payable from the School Fund)	\$ <u>687,098</u>
Total General obligations, Component Unit – School Board	\$ <u>1,637,076</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 8—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of nine police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Primary Government
Asset:	
Equipment	\$ 278,130
Less: accumulated depreciation	(55,626)
Total	<u>\$ 222,504</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2012, are as follows:

Year Ended June 30	Primary Government
2013	\$ 98,088
2014	<u>98,088</u>
Total minimum lease payments	\$ 196,176
Less: amount representing interest	<u>(15,709)</u>
Present value of minimum lease payments	<u>\$ 180,467</u>

Note 9—Closure and Postclosure Costs:

The County closed its two landfills and is liable for postclosure monitoring for a period of thirty years. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with Federal and State Regulations. The \$2,966,237 reported as landfill closure and postclosure liability at June 30, 2012, represents the estimated liability for postclosure monitoring, over the remaining eighteen years. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 10—Deferred/Unearned 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 in the General fund totaling \$381,050 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$362,721 at June 30, 2012.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled \$18,329 at June 30, 2012.

Note 11—Contingent Liabilities:

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

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

The following construction contracts were outstanding at June 30, 2012:

Fund	Project	Contractor	Amount Of Contract	Contract Outstanding At June 30, 2012
Component Unit-School Board	New Elementary School	Oyster Point Construction Co	\$ 10,103,511	\$ 6,482,987

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 the County.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

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; and natural disasters for which the government carries insurance.

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

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

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

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.

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 five years of service credit or age 50 with at least ten 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 a least five years of service credit.

COUNTY OF SUSSEX, VIRGINIA

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

Note 14 —Defined Benefit Pension Plan (Continued):

A. Plan Description (Continued)

- 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 members 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 Plan2, 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 (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Website at: <http://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 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 its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rate for the fiscal year ended 2012 was 11.00% and 7.85% of annual covered payroll, respectively.

The School Board's contribution for professional employees was \$486,617, \$276,392, and \$713,077, to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011, and 2010 respectively and these contributions represented 6.33%, 3.93% and 8.81%, respectively, of current covered payroll.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 14 —Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost

For the fiscal year 2012, the County's annual pension cost of \$726,131 (which includes the portion of the employee share assumed by the employer which was \$226,916) was equal to the County's required and actual contributions.

For the fiscal year 2012, the School Board's annual pension cost for the Board's non-professional employees was \$134,109 (which includes the portion of the employees share assumed by the County which was \$52,183) which was equal to the Board's required and actual contributions.

Three Year Trend Information

Fiscal Year Ending		Annual Pension Cost (APC) (1)	Percentage of APC Contributed		Net Pension Obligation
County:					
June 30, 2012	\$	499,215	100%	\$	-
June 30, 2011		509,939	100%		-
June 30, 2010		535,752	100%		-
School Board:					
Non-Professional:					
June 30, 2012	\$	81,926	100%	\$	-
June 30, 2011		81,505	100%		-
June 30, 2010		75,120	100%		-

(1) Employer portion only

The fiscal year 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 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. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

COUNTY OF SUSSEX, VIRGINIA

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

Note 14 –Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 81.57% funded. The actuarial accrued liability for benefits was \$19,800,620 and the actuarial value of assets was \$16,151,819, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,648,801. The covered payroll (annual payroll of active employees covered by the plan) was \$4,506,637, and ratio of the UAAL to the covered payroll was 80.97%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board's Non-Professional plan was 83.59% funded. The actuarial accrued liability for benefits was \$2,938,020 and the actuarial value of assets was \$2,455,909, resulting in an unfunded actuarial accrued liability (UAAL) of \$482,111. The covered payroll (annual payroll of active employees covered by the plan) was \$1,039,577 and ratio of the UAAL to the covered payroll was 46.38%.

The schedule of funding progress, presented as required supplementary information (RSI) 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>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gary M. Williams, Clerk of the Circuit Court	\$ 210,000
Onnie L. Woodruff, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	20,000
Raymond R. Bell, Sheriff	30,000
Continental Insurance Company-Surety:	
Dr. Charles H. Harris, III, Superintendent of Schools and Clerk of the Board	10,000
All County, Social Service and School Board Employees	100,000

Note 16 –Jointly Governed Organizations:

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, and Petersburg, and the Counties of Sussex, Greensville, Surry, and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Sussex County contributed \$61,339 to the District 19 Community Services Board for the fiscal year ended June 30, 2012.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 17—Other Postemployment Benefits - Health Insurance:

Plan Description

The County and School Board allow retirees to remain on their health insurance plan after they retire. All forms of coverage cease upon the first month after the death of the employee. The spouse may remain on the plan as well and coverage ceases upon the death of retiree. The School Board retirees coverage ceases upon the earlier of death or the attainment of medicare eligibility. Spouses coverage ceases upon the earlier of the eighteenth month after the death of the retiree or medicare eligibility.

Funding Policy

The County and School Board allow retirees and their spouses to continue to participate in the County's medical plans with the retiree paying 100% of the premium. The contribution requirements of plan members are established and may be amended by the County and School Board. The Schools currently have 20 retirees on their plan. The County has 2 retirees on its plan.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to 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 retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the County's and School Board's net OPEB obligation to the Retiree Health Plan:

	<u>COUNTY</u>	<u>SCHOOL BOARD</u>
Annual required contribution	\$ 37,000	\$ 102,000
Interest on net OPEB obligation	3,680	520
Adjustment to annual required contribution	(3,680)	(520)
Annual OPEB cost (expense)	\$ 37,000	\$ 102,000
Contributions made	(12,500)	(112,500)
Increase in net OPEB obligation	24,500	(10,500)
Net OPEB obligation-beginning of year	92,000	13,000
Net OPEB obligation-end of year	<u>\$ 116,500</u>	<u>\$ 2,500</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 17—Other Postemployment Benefits - Health Insurance: (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and two preceding years were 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>
County:			
6/30/2010	\$ 44,469	24.74%	\$ 67,469
6/30/2011	37,947	35.35%	92,000
6/30/2012	37,000	33.78%	116,500
School Board:			
6/30/2010	\$ 100,844	90.24%	\$ 19,844
6/30/2011	101,690	106.73%	13,000
6/30/2012	102,000	110.29%	2,500

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was \$282,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,855,746, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.87 percent.

As of July 1, 2010, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$783,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,929,254, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.87 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and 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 liabilities for benefits.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 17–Other Postemployment Benefits - Health Insurance: (Continued)

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 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.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on GAR 1994 Mortality Table for males and females with a one year setback for males and females.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the entry age normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 was thirty years.

Note 18–Other Postemployment Benefits (OPEB):

A. Plan Description

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. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 18-Other Postemployment Benefits (OPEB): (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 as previously discussed in Note 14.

B. Funding Policy

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 contributions to VRS for the years ended June 30, 2012, 2011, and 2010 were \$42,198, \$47,369, and \$60,154, respectively and equaled the required contributions for each year.

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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County of Sussex, Virginia
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				
General property taxes	\$ 7,628,919	\$ 7,628,919	\$ 7,685,234	\$ 56,315
Other local taxes	942,425	942,425	1,071,020	128,595
Permits, privilege fees, and regulatory licenses	72,725	72,725	129,359	56,634
Fines and forfeitures	850,000	850,000	695,809	(154,191)
Revenue from the use of money and property	135,130	135,130	160,064	24,934
Charges for services	6,427,639	6,427,639	6,108,533	(319,106)
Miscellaneous	28,990	101,553	106,903	5,350
Recovered costs	285,575	285,575	286,039	464
Intergovernmental revenues:				
Commonwealth	4,891,858	4,981,339	4,809,720	(171,619)
Federal	1,254,709	2,036,232	1,879,969	(156,263)
Total revenues	<u>\$ 22,517,970</u>	<u>\$ 23,461,537</u>	<u>\$ 22,932,650</u>	<u>\$ (528,887)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,666,632	\$ 1,753,457	\$ 1,652,293	\$ 101,164
Judicial administration	978,490	1,033,757	1,030,998	2,759
Public safety	5,009,011	5,160,609	5,066,868	93,741
Public works	840,806	887,200	858,074	29,126
Health and welfare	3,225,659	3,315,086	2,937,477	377,609
Education	7,846,074	7,846,074	7,566,391	279,683
Parks, recreation, and cultural	208,762	211,307	194,852	16,455
Community development	825,514	924,220	766,673	157,547
Capital projects	-	750,000	729,684	20,316
Total expenditures	<u>\$ 20,600,948</u>	<u>\$ 21,881,710</u>	<u>\$ 20,803,310</u>	<u>\$ 1,078,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,917,022</u>	<u>\$ 1,579,827</u>	<u>\$ 2,129,340</u>	<u>\$ 549,513</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,917,467)	\$ (1,917,467)	\$ (1,709,699)	\$ 207,768
Issuance of capital leases	-	-	180,467	180,467
Total other financing sources (uses)	<u>\$ (1,917,467)</u>	<u>\$ (1,917,467)</u>	<u>\$ (1,529,232)</u>	<u>\$ 388,235</u>
Net change in fund balances	\$ (445)	\$ (337,640)	\$ 600,108	\$ 937,748
Fund balances - beginning	445	337,640	4,665,826	4,328,186
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,265,934</u>	<u>\$ 5,265,934</u>

County of Sussex, Virginia
Schedule of Pension Funding Progress - Virginia Retirement System

For the Year Ended June 30, 2012

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
6/30/2011	\$ 16,151,819	\$ 19,800,620	\$ 3,648,801	81.57%	\$ 4,506,637	80.97%
6/30/2010	15,555,788	19,684,445	4,128,657	79.03%	4,824,584	85.58%
6/30/2009	15,118,979	17,817,659	2,698,680	84.85%	4,770,512	56.57%
6/30/2008	14,527,294	17,712,767	3,185,473	82.02%	4,588,304	69.43%
6/30/2007	13,381,638	14,905,284	1,523,646	89.78%	4,474,099	34.05%
6/30/2006	11,792,112	13,466,222	1,674,110	87.57%	4,198,077	39.88%
6/30/2005	10,957,504	13,225,780	2,268,276	82.85%	3,987,768	56.88%
6/30/2004	10,540,838	10,584,694	43,856	99.59%	3,403,806	1.29%
6/30/2003	10,545,855	9,878,468	(667,387)	106.76%	3,404,797	-19.60%
6/30/2002	10,287,988	8,669,632	(1,618,356)	118.67%	3,316,216	-48.80%
School Board Non-Professionals:						
6/30/2011	\$ 2,455,909	\$ 2,938,020	\$ 482,111	83.59%	\$ 1,039,577	46.38%
6/30/2010	2,337,013	2,678,831	341,818	87.24%	1,057,516	32.32%
6/30/2009	2,261,734	2,509,997	248,263	90.11%	1,172,173	21.18%
6/30/2008	2,120,575	2,314,213	193,638	91.63%	1,171,606	16.53%
6/30/2007	1,874,994	1,951,769	76,775	96.07%	1,026,221	7.48%
6/30/2006	1,610,148	1,839,078	228,930	87.55%	1,081,735	21.16%
6/30/2005	1,429,884	1,815,486	385,602	78.76%	1,161,983	33.18%
6/30/2004	1,293,257	1,371,939	78,682	94.26%	1,061,045	7.42%
6/30/2003	1,178,624	1,185,649	7,025	99.41%	858,007	0.82%
6/30/2002	1,051,831	1,171,777	119,946	89.76%	901,610	13.30%

County of Sussex, Virginia
Schedule of OPEB Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2012

Valuation Date*	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll
County:						
7/1/2008	\$ -	\$ 255,000	\$ 255,000	0.00%	\$ 2,947,090	8.65%
7/1/2010	-	282,000	282,000	0.00%	2,855,746	9.87%
School Board:						
7/1/2008	\$ -	\$ 750,000	\$ 750,000	0.00%	\$ 8,667,910	8.65%
7/1/2010	-	783,000	783,000	0.00%	7,929,254	9.87%

* Only two valuations available

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND
SCHEDULES*

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County of Sussex, Virginia
County Capital Projects 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	\$ -	\$ -	\$ 73,551	\$ 73,551
Charges for services	-	-	34,787	34,787
Total revenues	\$ -	\$ -	\$ 108,338	\$ 108,338
EXPENDITURES				
Current:				
Education	\$ -	\$ 50,000	\$ 50,000	\$ -
Capital projects	13,800,000	13,800,000	4,450,036	9,349,964
Debt service:				
Principal retirement	1,247,001	1,247,001	1,081,397	165,604
Interest and other fiscal charges	498,775	498,775	507,406	(8,631)
Total expenditures	\$ 15,545,776	\$ 15,595,776	\$ 6,088,839	\$ 9,506,937
Excess (deficiency) of revenues over (under) expenditures			\$ (15,545,776)	\$ (15,595,776)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,917,467	\$ 1,917,467	\$ 1,709,699	\$ (207,768)
Issuance of general obligation bonds	5,072,603	5,072,603	5,250,974	178,371
Total other financing sources (uses)	\$ 6,990,070	\$ 6,990,070	\$ 6,960,673	\$ (29,397)
Net change in fund balances	\$ (8,555,706)	\$ (8,605,706)	\$ 980,172	\$ 9,585,878
Fund balances - beginning	8,555,706	8,605,706	18,976,831	10,371,125
Fund balances - ending	\$ -	\$ -	\$ 19,957,003	\$ 19,957,003

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

	County Special Revenue Fund				
	Budgeted Amounts				Variance with Final Budget Positive Negative
	Original	Final	Actual		
REVENUES					
Revenue from the use of money and property	\$ 100	\$ 100	\$ 114	\$	14
Charges for services	2,300	2,300	944		(1,356)
Miscellaneous	-	-	7,863		7,863
Intergovernmental revenues:					
Commonwealth	-	-	1,219		1,219
Total revenues	\$ 2,400	\$ 2,400	\$ 10,140	\$	7,740
EXPENDITURES					
Current:					
Judicial administration	\$ 2,400	\$ 2,400	\$ 1,405	\$	995
Public safety	-	50,063	21,018		29,045
Total expenditures	\$ 2,400	\$ 52,463	\$ 22,423	\$	30,040
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (50,063)	\$ (12,283)	\$	37,780
Net change in fund balances	\$ -	\$ (50,063)	\$ (12,283)	\$	37,780
Fund balances - beginning	-	50,063	66,067		16,004
Fund balances - ending	\$ -	\$ -	\$ 53,784	\$	53,784

County of Sussex, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

Agency Funds							Private Purpose Trust Funds				
Special Welfare		Sheriff Information	Canteen	Jail Inmate	Total		Robert Mitchell	Rotary	Richard Clements Moore III	Millard Stith Family	Total
							Scholarship	Scholarship	Scholarship	Scholarship	
ASSETS	Cash and cash equivalents	\$ 608	\$ 5,664	\$ 4,721	\$ 2,243	\$ 13,236	\$ 30,212	\$ 26,453	\$ 30,205	\$ 43,845	\$ 130,715
	Total assets	\$ 608	\$ 5,664	\$ 4,721	\$ 2,243	\$ 13,236	\$ 30,212	\$ 26,453	\$ 30,205	\$ 43,845	\$ 130,715
LIABILITIES	Amounts held for social services clients	\$ 608	\$ -	\$ -	\$ -	\$ 608	\$ -	\$ -	\$ -	\$ -	\$ -
	Amounts held for others	-	5,664	-	-	5,664	-	-	-	-	-
	Amounts held for inmates	-	-	4,721	2,243	6,964	-	-	-	-	-
	Total liabilities	\$ 608	\$ 5,664	\$ 4,721	\$ 2,243	\$ 13,236	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS	Amounts held in trust for scholarships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,212	\$ 26,453	\$ 30,205	\$ 43,845	\$ 130,715
	Total net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,212	\$ 26,453	\$ 30,205	\$ 43,845	\$ 130,715
	Total liabilities and net assets	\$ 608	\$ 5,664	\$ 4,721	\$ 2,243	\$ 13,236	\$ 30,212	\$ 26,453	\$ 30,205	\$ 43,845	\$ 130,715

County of Sussex, Virginia
Fiduciary Funds
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 Fund:				
Assets:				
Cash and cash equivalents	\$ 2,000	\$ 8,432	\$ 9,824	\$ 608
Liabilities:				
Amounts held for social services clients	\$ 2,000	\$ 8,432	\$ 9,824	\$ 608
Sheriff Information Fund:				
Assets:				
Cash and cash equivalents	\$ 5,844	\$ 3,428	\$ 3,608	\$ 5,664
Liabilities:				
Amounts held for others	\$ 5,844	\$ 3,428	\$ 3,608	\$ 5,664
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 3,688	\$ 57,768	\$ 59,213	\$ 2,243
Liabilities:				
Amounts held for inmates	\$ 3,688	\$ 57,768	\$ 59,213	\$ 2,243
Canteen Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 6,947	\$ 2,226	\$ 4,721
Liabilities:				
Amounts held for inmates	\$ -	\$ 6,947	\$ 2,226	\$ 4,721
DARE Fund:				
Assets:				
Cash and cash equivalents	\$ 203	\$ -	\$ 203	\$ -
Liabilities:				
Amounts held for others	\$ 203	\$ -	\$ 203	\$ -
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 11,735	\$ 76,575	\$ 75,074	\$ 13,236
Total assets	\$ 11,735	\$ 76,575	\$ 75,074	\$ 13,236
Liabilities:				
Amounts held for inmates	\$ 3,688	\$ 64,715	\$ 61,439	\$ 6,964
Amounts held for others	6,047	3,428	3,811	5,664
Amounts held for social services clients	2,000	8,432	9,824	608
Total liabilities	\$ 11,735	\$ 76,575	\$ 75,074	\$ 13,236

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Sussex, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2012

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,100,507	\$ 226,497	\$ 1,327,004
Receivables (net of allowance for uncollectibles):			
Accounts receivable	44,625	14,078	58,703
Due from other governmental units	321,627	32,283	353,910
Prepaid items	125,726	-	125,726
Total assets	<u>\$ 1,592,485</u>	<u>\$ 272,858</u>	<u>\$ 1,865,343</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 107,260	\$ 10,950	\$ 118,210
Accrued liabilities	1,014,139	57,137	1,071,276
Due to other governmental units	343,486	-	343,486
Deferred revenue	1,874	-	1,874
Total liabilities	<u>\$ 1,466,759</u>	<u>\$ 68,087</u>	<u>\$ 1,534,846</u>
Fund balances:			
Nonspendable	\$ 125,726	\$ -	\$ 125,726
Committed:			
School cafeteria fund	-	62,806	62,806
School textbook fund	-	141,965	141,965
Total fund balances	<u>\$ 125,726</u>	<u>\$ 204,771</u>	<u>\$ 330,497</u>
Total liabilities and fund balances	<u>\$ 1,592,485</u>	<u>\$ 272,858</u>	<u>\$ 1,865,343</u>

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

Total fund balances per above	\$ 330,497
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,571,620
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,637,076)
Net assets of governmental activities	<u>\$ 8,265,041</u>

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

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 236	\$ 150	\$ 386
Charges for services	-	313,938	313,938
Miscellaneous	190,731	7,167	197,898
Intergovernmental revenues:			
Local government	7,614,487	-	7,614,487
Commonwealth	7,384,140	46,248	7,430,388
Federal	2,177,451	642,124	2,819,575
Total revenues	<u>\$ 17,367,045</u>	<u>\$ 1,009,627</u>	<u>\$ 18,376,672</u>
EXPENDITURES			
Current:			
Education	\$ 17,220,758	\$ 1,139,253	\$ 18,360,011
Debt service:			
Principal retirement	46,229	-	46,229
Interest and other fiscal charges	79,497	-	79,497
Total expenditures	<u>\$ 17,346,484</u>	<u>\$ 1,139,253</u>	<u>\$ 18,485,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 20,561</u>	<u>\$ (129,626)</u>	<u>\$ (109,065)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 20,561	\$ 20,561
Transfers out	(20,561)	-	(20,561)
Total other financing sources (uses)	<u>\$ (20,561)</u>	<u>\$ 20,561</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (109,065)	\$ (109,065)
Fund balances - beginning	125,726	313,836	439,562
Fund balances - ending	<u>\$ 125,726</u>	<u>\$ 204,771</u>	<u>\$ 330,497</u>

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

Net change in fund balances - total governmental funds - per above \$ (109,065)

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.

Activity related to joint tenancy assets of Primary Government and Component Unit School Board	\$	(348,136)	
Capital outlays		27,967	
Depreciation expense		<u>(528,152)</u>	(848,321)

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

VRS early retirement liability - principal payment 46,229

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 compensated absences	\$	(67,189)	
(Increase) decrease in OPEB Liability		<u>10,500</u>	(56,689)

Change in net assets of governmental activities \$ (967,846)

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

	School Operating Fund			Variance with Final Budget Positive Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,252	\$ 1,252	\$ 236	\$ (1,016)
Miscellaneous	73,500	73,500	190,731	117,231
Intergovernmental revenues:				
Local government	7,844,170	7,894,170	7,614,487	(279,683)
Commonwealth	7,560,270	7,560,270	7,384,140	(176,130)
Federal	2,644,134	2,644,134	2,177,451	(466,683)
Total revenues	\$ 18,123,326	\$ 18,173,326	\$ 17,367,045	\$ (806,281)
EXPENDITURES				
Current:				
Education	\$ 17,977,039	\$ 18,027,039	\$ 17,220,758	\$ 806,281
Debt service:				
Principal retirement	46,229	46,229	46,229	-
Interest and other fiscal charges	79,497	79,497	79,497	-
Total expenditures	\$ 18,102,765	\$ 18,152,765	\$ 17,346,484	\$ 806,281
Excess (deficiency) of revenues over (under) expenditures	\$ 20,561	\$ 20,561	\$ 20,561	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (20,561)	\$ (20,561)	\$ (20,561)	\$ -
Total other financing sources (uses)	\$ (20,561)	\$ (20,561)	\$ (20,561)	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	125,726	125,726
Fund balances - ending	\$ -	\$ -	\$ 125,726	\$ 125,726

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

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 150	\$ 150
Charges for services	467,580	467,580	313,938	(153,642)
Miscellaneous	-	-	7,167	7,167
Intergovernmental revenues:				
Commonwealth	48,967	48,967	46,248	(2,719)
Federal	497,671	497,671	642,124	144,453
Total revenues	<u>\$ 1,014,218</u>	<u>\$ 1,014,218</u>	<u>\$ 1,009,627</u>	<u>\$ (4,591)</u>
EXPENDITURES				
Current:				
Education	\$ 1,014,218	\$ 1,071,440	\$ 1,139,253	\$ (67,813)
Total expenditures	<u>\$ 1,014,218</u>	<u>\$ 1,071,440</u>	<u>\$ 1,139,253</u>	<u>\$ (67,813)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (57,222)	\$ (129,626)	\$ (72,404)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 20,561	\$ 20,561	\$ 20,561	\$ -
Total other financing sources (uses)	<u>\$ 20,561</u>	<u>\$ 20,561</u>	<u>\$ 20,561</u>	<u>\$ -</u>
Net change in fund balances	\$ 20,561	\$ (36,661)	\$ (109,065)	\$ (72,404)
Fund balances - beginning	-	36,661	313,836	277,175
Fund balances - ending	<u>\$ 20,561</u>	<u>\$ -</u>	<u>\$ 204,771</u>	<u>\$ 204,771</u>

SUPPORTING SCHEDULES

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

Schedule 1
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<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:				
General property taxes:				
Real property taxes	\$ 4,300,000	\$ 4,300,000	\$ 4,263,124	\$ (36,876)
Real and personal public service corporation taxes	311,869	311,869	376,063	64,194
Personal property taxes	1,820,000	1,820,000	1,814,740	(5,260)
Mobile home taxes	36,050	36,050	36,354	304
Machinery and tools taxes	956,000	956,000	933,137	(22,863)
Merchants capital taxes	76,500	76,500	91,488	14,988
Penalties	72,000	72,000	81,656	9,656
Interest	56,500	56,500	88,672	32,172
Total general property taxes	<u>\$ 7,628,919</u>	<u>\$ 7,628,919</u>	<u>\$ 7,685,234</u>	<u>\$ 56,315</u>
Other local taxes:				
Local sales and use taxes	\$ 588,275	\$ 588,275	\$ 647,242	\$ 58,967
Consumers' utility taxes	90,000	90,000	91,790	1,790
Consumption tax	40,000	40,000	37,327	(2,673)
Cable franchise taxes	100	100	-	(100)
Business license taxes	100	100	22,203	22,103
Motor vehicle licenses	222,000	222,000	227,345	5,345
Bank stock taxes	1,950	1,950	2,434	484
Transient occupancy taxes	-	-	42,679	42,679
Total other local taxes	<u>\$ 942,425</u>	<u>\$ 942,425</u>	<u>\$ 1,071,020</u>	<u>\$ 128,595</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,256	\$ (744)
Transfer fees	275	275	342	67
Permits and other licenses	62,450	62,450	119,761	57,311
Total permits, privilege fees, and regulatory licenses	<u>\$ 72,725</u>	<u>\$ 72,725</u>	<u>\$ 129,359</u>	<u>\$ 56,634</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 850,000	\$ 850,000	\$ 695,809	\$ (154,191)
Total fines and forfeitures	<u>\$ 850,000</u>	<u>\$ 850,000</u>	<u>\$ 695,809</u>	<u>\$ (154,191)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 100,080	\$ 100,080	\$ 106,570	\$ 6,490
Revenue from use of property	35,050	35,050	53,494	18,444
Total revenue from use of money and property	<u>\$ 135,130</u>	<u>\$ 135,130</u>	<u>\$ 160,064</u>	<u>\$ 24,934</u>
Charges for services:				
Sheriff fees	\$ -	\$ -	\$ 374	\$ 374
Charges for court costs	3,565	3,565	3,273	(292)
Charges for Commonwealth's Attorney	600	600	1,632	1,032
Courthouse security fees	185,000	185,000	185,743	743
Charges for correction and detention	32,000	32,000	40,741	8,741
Charges for other protection	450	450	1,075	625
Charges for sanitation and waste removal:				
Tipping fees	6,000,000	6,000,000	5,650,230	(349,770)
Quality control fees	192,524	192,524	200,000	7,476
Charges for community development	13,500	13,500	25,465	11,965
Total charges for services	<u>\$ 6,427,639</u>	<u>\$ 6,427,639</u>	<u>\$ 6,108,533</u>	<u>\$ (319,106)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 28,990	\$ 101,553	\$ 106,903	\$ 5,350

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

Schedule 1
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<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 local sources: (Continued)				
Recovered costs:				
Wakefield sheriff patrol	\$ 58,000	\$ 58,000	\$ 65,129	\$ 7,129
Jurors	8,700	8,700	3,180	(5,520)
Jail clean up	20,000	20,000	20,020	20
Clerk of the circuit court	1,200	1,200	821	(379)
Social security bounty	1,700	1,700	2,000	300
Indoor plumbing	21,582	21,582	9,337	(12,245)
CDBG housing loan payments	7,393	7,393	15,950	8,557
Health department	-	-	4,904	4,904
VHDA	87,000	87,000	83,676	(3,324)
Trash collections - school board	80,000	80,000	81,022	1,022
Total recovered costs	\$ 285,575	\$ 285,575	\$ 286,039	\$ 464
Total revenue from local sources	\$ 16,371,403	\$ 16,443,966	\$ 16,242,961	\$ (201,005)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 74,000	\$ 74,000	\$ 3,383	\$ (70,617)
Mobile home titling tax	21,000	21,000	19,137	(1,863)
Taxes on deeds	65,000	65,000	59,207	(5,793)
Motor vehicle rental tax	800	800	-	(800)
Payment in lieu of taxes-prison	11,700	11,700	8,837	(2,863)
State recordation tax	18,000	18,000	6,614	(11,386)
Personal property tax relief funds	1,180,000	1,180,000	1,200,074	20,074
Communication taxes	190,000	190,000	178,892	(11,108)
Total noncategorical aid	\$ 1,560,500	\$ 1,560,500	\$ 1,476,144	\$ (84,356)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 223,972	\$ 223,972	\$ 222,589	\$ (1,383)
Sheriff	1,252,483	1,252,483	1,227,646	(24,837)
Commissioner of revenue	71,073	71,073	70,544	(529)
Treasurer	82,202	82,202	78,302	(3,900)
Registrar/electoral board	42,900	47,385	50,246	2,861
Clerk of circuit court	182,886	188,886	190,797	1,911
Local jails	153,694	153,694	135,548	(18,146)
Total shared expenses	\$ 2,009,210	\$ 2,019,695	\$ 1,975,672	\$ (44,023)
Other categorical aid:				
Public assistance and welfare administration	\$ 562,180	\$ 562,180	\$ 522,921	\$ (39,259)
Fire programs fund	24,000	24,000	23,559	(441)
Clerk's records grant	-	-	2,368	2,368
Comprehensive services act	617,436	617,436	374,450	(242,986)
Emergency medical services	11,369	11,369	9,845	(1,524)
Wireless funds	48,000	48,000	108,313	60,313
Tobacco grant	-	-	47,500	47,500
Disaster assistance	-	-	16,556	16,556
Victim-witness grant	54,163	54,163	55,246	1,083
LGCG - art grant	5,000	5,000	-	(5,000)
Timber sale	-	-	122,146	122,146
Governor's opportunity fund	-	78,996	75,000	(3,996)
Total other categorical aid	\$ 1,322,148	\$ 1,401,144	\$ 1,357,904	\$ (43,240)
Total categorical aid	\$ 3,331,358	\$ 3,420,839	\$ 3,333,576	\$ (87,263)
Total revenue from the Commonwealth	\$ 4,891,858	\$ 4,981,339	\$ 4,809,720	\$ (171,619)

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

Schedule 1
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<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)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,154,709	\$ 1,154,709	\$ 1,074,074	\$ (80,635)
Disaster assistance	-	-	56,442	56,442
Community development block grant	-	700,000	680,500	(19,500)
Transportation safety	-	7,198	7,198	-
IPR grant	100,000	174,325	61,755	(112,570)
Total categorical aid	\$ 1,254,709	\$ 2,036,232	\$ 1,879,969	\$ (156,263)
Total revenue from the federal government	\$ 1,254,709	\$ 2,036,232	\$ 1,879,969	\$ (156,263)
Total General Fund	\$ 22,517,970	\$ 23,461,537	\$ 22,932,650	\$ (528,887)
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 114	\$ 14
Total revenue from use of money and property	\$ 100	\$ 100	\$ 114	\$ 14
Charges for services:				
Law library fees	\$ 2,300	\$ 2,300	\$ 944	\$ (1,356)
Total charges for services	\$ 2,300	\$ 2,300	\$ 944	\$ (1,356)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 7,863	\$ 7,863
Total miscellaneous revenue	\$ -	\$ -	\$ 7,863	\$ 7,863
Total revenue from local sources	\$ 2,400	\$ 2,400	\$ 8,921	\$ 6,521
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 1,219	\$ 1,219
Total categorical aid	\$ -	\$ -	\$ 1,219	\$ 1,219
Total revenue from the Commonwealth	\$ -	\$ -	\$ 1,219	\$ 1,219
Total County Special Revenue Fund	\$ 2,400	\$ 2,400	\$ 10,140	\$ 7,740
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 73,551	\$ 73,551
Charges for services:				
Courthouse maintenance fees	\$ -	\$ -	\$ 34,787	\$ 34,787
Total charges for services	\$ -	\$ -	\$ 34,787	\$ 34,787
Total revenue from local sources	\$ -	\$ -	\$ 108,338	\$ 108,338
Total County Capital Projects Fund	\$ -	\$ -	\$ 108,338	\$ 108,338
Total Primary Government	\$ 22,520,370	\$ 23,463,937	\$ 23,051,128	\$ (412,809)

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

Schedule 1
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<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>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 1,252	\$ 1,252	\$ 236	\$ (1,016)
Total revenue from use of money and property	\$ 1,252	\$ 1,252	\$ 236	\$ (1,016)
Miscellaneous revenue:				
Miscellaneous	\$ 73,500	\$ 73,500	\$ 190,731	\$ 117,231
Total revenue from local sources	\$ 74,752	\$ 74,752	\$ 190,967	\$ 116,215
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 7,844,170	\$ 7,894,170	\$ 7,614,487	\$ (279,683)
Total revenues from local governments	\$ 7,844,170	\$ 7,894,170	\$ 7,614,487	\$ (279,683)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,158,159	\$ 1,158,159	\$ 1,197,191	\$ 39,032
Basic school aid	3,686,098	3,686,098	3,671,487	(14,611)
Remedial summer education	82,685	82,685	44,762	(37,923)
Regular foster care	9,507	9,507	7,205	(2,302)
Gifted and talented	34,848	34,848	34,761	(87)
Remedial education	209,087	209,087	208,565	(522)
Special education	625,713	625,713	624,150	(1,563)
GED funding	7,859	7,859	7,859	-
Vocational education	135,421	135,421	129,367	(6,054)
School fringes	459,991	459,991	458,842	(1,149)
Mentor teacher program	539	539	-	(539)
Composite index hold harmless	81,328	81,328	81,328	-
Early reading intervention	18,559	18,559	16,497	(2,062)
English as a second language	13,453	13,453	7,100	(6,353)
Special education - private tuition	51,098	51,098	23,219	(27,879)
At risk payments	323,154	323,154	322,247	(907)
Standards of Learning algebra readiness	23,197	23,197	25,362	2,165
Primary class size	205,848	205,848	211,132	5,284
Educational technology	180,000	180,000	207,000	27,000
Homebound	5,792	5,792	5,939	147
Supplemental support for school construction	100,461	100,461	100,127	(334)
Other state funds	147,473	147,473	-	(147,473)
Total categorical aid	\$ 7,560,270	\$ 7,560,270	\$ 7,384,140	\$ (176,130)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 450,000	\$ 450,000	\$ 611,512	\$ 161,512
Title I - ARRA	45,000	45,000	62,981	17,981
Title VI-B, special education flow-through	333,977	333,977	510,792	176,815
Title VI-B, special education flow-through - ARRA	10,000	10,000	62,851	52,851
Vocational education	30,000	30,000	31,192	1,192
Title VI-B, special education pre-school	-	-	9,365	9,365
Title VI-B, special education pre-school - ARRA	-	-	7,744	7,744
Rural education	-	-	12,420	12,420
Drug free schools	-	-	5,503	5,503
21st century learning center	198,646	198,646	197,186	(1,460)
State fiscal stabilization fund - ARRA	285,771	285,771	175,771	(110,000)

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

Schedule 1
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<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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Title II Part A	\$ 112,684	\$ 112,684	\$ 62,877	\$ (49,807)
Gear up	15,000	15,000	14,624	(376)
Education technology - ARRA	15,500	15,500	11,906	(3,594)
Education jobs fund - ARRA	248,389	248,389	-	(248,389)
JROTC	45,000	45,000	56,436	11,436
1003g school improvement - ARRA	854,167	854,167	344,291	(509,876)
Total categorical aid	<u>\$ 2,644,134</u>	<u>\$ 2,644,134</u>	<u>\$ 2,177,451</u>	<u>\$ (466,683)</u>
Total School Operating Fund	<u>\$ 18,123,326</u>	<u>\$ 18,173,326</u>	<u>\$ 17,367,045</u>	<u>\$ (806,281)</u>
Special Revenue Fund:				
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 150	\$ 150
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 150</u>
Charges for services:				
Cafeteria sales	\$ 467,580	\$ 467,580	\$ 313,938	\$ (153,642)
Total charges for services	<u>\$ 467,580</u>	<u>\$ 467,580</u>	<u>\$ 313,938</u>	<u>\$ (153,642)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 7,167	\$ 7,167
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,167</u>	<u>\$ 7,167</u>
Total revenue from local sources	<u>\$ 467,580</u>	<u>\$ 467,580</u>	<u>\$ 321,255</u>	<u>\$ (146,325)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 17,558	\$ 17,558	\$ 14,917	\$ (2,641)
Textbook payment	31,409	31,409	31,331	(78)
Total categorical aid	<u>\$ 48,967</u>	<u>\$ 48,967</u>	<u>\$ 46,248</u>	<u>\$ (2,719)</u>
Total revenue from the Commonwealth	<u>\$ 48,967</u>	<u>\$ 48,967</u>	<u>\$ 46,248</u>	<u>\$ (2,719)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 497,671	\$ 497,671	\$ 587,982	\$ 90,311
Commodities	-	-	34,794	34,794
Summer feeding	-	-	19,348	19,348
Total categorical aid	<u>\$ 497,671</u>	<u>\$ 497,671</u>	<u>\$ 642,124</u>	<u>\$ 144,453</u>
Total revenue from the federal government	<u>\$ 497,671</u>	<u>\$ 497,671</u>	<u>\$ 642,124</u>	<u>\$ 144,453</u>
Total School Special Revenue Fund	<u>\$ 1,014,218</u>	<u>\$ 1,014,218</u>	<u>\$ 1,009,627</u>	<u>\$ (4,591)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,137,544</u>	<u>\$ 19,187,544</u>	<u>\$ 18,376,672</u>	<u>\$ (810,872)</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 112,508	\$ 138,774	\$ 137,141	\$ 1,633
General and financial administration:				
County administrator	\$ 647,681	\$ 653,511	\$ 566,110	\$ 87,401
Legal services	122,876	156,475	151,025	5,450
Commissioner of revenue	269,187	275,077	263,219	11,858
Treasurer	357,223	361,529	349,560	11,969
Other general and financial administration	-	4,296	8,583	(4,287)
Total general and financial administration	\$ 1,396,967	\$ 1,450,888	\$ 1,338,497	\$ 112,391
Board of elections:				
Electoral board and officials	\$ 157,157	\$ 163,795	\$ 176,655	\$ (12,860)
Total general government administration	\$ 1,666,632	\$ 1,753,457	\$ 1,652,293	\$ 101,164
Judicial administration:				
Courts:				
Circuit court	\$ 28,940	\$ 38,620	\$ 38,619	\$ 1
General district court	18,610	18,610	20,824	(2,214)
Special magistrates	4,818	12,894	12,994	(100)
Juvenile and domestic relations court	7,553	7,553	9,188	(1,635)
Sheriff	149,556	151,709	171,447	(19,738)
Victim witness	63,996	69,379	64,185	5,194
Clerk of the circuit court	284,921	309,352	309,236	116
Total courts	\$ 558,394	\$ 608,117	\$ 626,493	\$ (18,376)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 420,096	\$ 425,640	\$ 404,505	\$ 21,135
Total commonwealth's attorney	\$ 420,096	\$ 425,640	\$ 404,505	\$ 21,135
Total judicial administration	\$ 978,490	\$ 1,033,757	\$ 1,030,998	\$ 2,759
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,645,753	\$ 1,695,696	\$ 1,821,730	\$ (126,034)
School resource officer grant	103,316	104,931	89,649	15,282
911 services	172,013	199,684	201,548	(1,864)
Wakefield operations	57,658	58,735	52,847	5,888
Total law enforcement and traffic control	\$ 1,978,740	\$ 2,059,046	\$ 2,165,774	\$ (106,728)
Fire and rescue services:				
Fire department	\$ 126,974	\$ 126,974	\$ 131,080	\$ (4,106)
Ambulance and rescue services	618,236	618,236	535,590	82,646
Forest fire extinction services	23,403	23,403	23,403	-
Emergency services	181,796	196,505	197,054	(549)
Total fire and rescue services	\$ 950,409	\$ 965,118	\$ 887,127	\$ 77,991
Correction and detention:				
Confinement and care of prisoners	\$ 1,648,704	\$ 1,671,849	\$ 1,599,692	\$ 72,157
Total correction and detention	\$ 1,648,704	\$ 1,671,849	\$ 1,599,692	\$ 72,157
Inspections:				
Building	\$ 247,367	\$ 250,327	\$ 201,282	\$ 49,045
Total inspections	\$ 247,367	\$ 250,327	\$ 201,282	\$ 49,045

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

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 183,791	\$ 214,269	\$ 212,993	\$ 1,276
Total other protection	\$ 183,791	\$ 214,269	\$ 212,993	\$ 1,276
Total public safety	\$ 5,009,011	\$ 5,160,609	\$ 5,066,868	\$ 93,741
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 221,985	\$ 228,546	\$ 201,451	\$ 27,095
Total sanitation and waste removal	\$ 221,985	\$ 228,546	\$ 201,451	\$ 27,095
Maintenance of general buildings and grounds:				
General properties	\$ 552,615	\$ 588,139	\$ 587,137	\$ 1,002
General works	66,206	70,515	69,486	1,029
Total maintenance of general buildings and grounds	\$ 618,821	\$ 658,654	\$ 656,623	\$ 2,031
Total public works	\$ 840,806	\$ 887,200	\$ 858,074	\$ 29,126
Health and welfare:				
Health:				
Supplement of local health department	\$ 169,693	\$ 178,131	\$ 178,131	\$ -
Total health	\$ 169,693	\$ 178,131	\$ 178,131	\$ -
Mental health and mental retardation:				
Community services board	\$ 61,339	\$ 61,339	\$ 61,339	\$ -
Total mental health and mental retardation	\$ 61,339	\$ 61,339	\$ 61,339	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,143,389	\$ 2,224,378	\$ 2,083,624	\$ 140,754
Area agency on aging	5,999	5,999	5,999	-
Other social services	69,803	69,803	64,398	5,405
Comprehensive services act	775,436	775,436	543,986	231,450
Total welfare	\$ 2,994,627	\$ 3,075,616	\$ 2,698,007	\$ 377,609
Total health and welfare	\$ 3,225,659	\$ 3,315,086	\$ 2,937,477	\$ 377,609
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 1,904	\$ 1,904	\$ 1,904	\$ -
Contribution to County School Board	7,844,170	7,844,170	7,564,487	279,683
Total education	\$ 7,846,074	\$ 7,846,074	\$ 7,566,391	\$ 279,683
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 25,880	\$ 28,425	\$ 21,970	\$ 6,455
Total parks and recreation	\$ 25,880	\$ 28,425	\$ 21,970	\$ 6,455
Cultural enrichment:				
Wakefield foundation	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Carpenter museum	10,000	10,000	10,000	-
Total cultural enrichment	\$ 20,000	\$ 20,000	\$ 10,000	\$ 10,000
Library:				
Contribution to regional library	\$ 162,882	\$ 162,882	\$ 162,882	\$ -
Total library	\$ 162,882	\$ 162,882	\$ 162,882	\$ -
Total parks, recreation, and cultural	\$ 208,762	\$ 211,307	\$ 194,852	\$ 16,455

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

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and zoning	\$ 178,740	\$ 180,893	\$ 152,768	\$ 28,125
Industrial development authority	558	558	-	558
Planning district commission	9,801	9,801	9,801	-
Indoor plumbing	129,500	203,825	111,217	92,608
Housing assistance and other	240,417	245,341	244,571	770
Total planning and community development	\$ 559,016	\$ 640,418	\$ 518,357	\$ 122,061
Environmental management:				
Contribution to soil and water conservation district	\$ 3,355	\$ 3,355	\$ 3,355	\$ -
Environmental inspection	192,967	210,271	209,397	874
Other environmental management	1,455	1,455	1,455	-
Total environmental management	\$ 197,777	\$ 215,081	\$ 214,207	\$ 874
Cooperative extension program:				
Extension office	\$ 68,721	\$ 68,721	\$ 34,109	\$ 34,612
Total cooperative extension program	\$ 68,721	\$ 68,721	\$ 34,109	\$ 34,612
Total community development	\$ 825,514	\$ 924,220	\$ 766,673	\$ 157,547
Capital projects:				
Waverly Industrial building project	\$ -	\$ 75,000	\$ 75,136	\$ (136)
Woodfuel development loan - DHCD	-	675,000	654,548	20,452
Total capital projects	\$ -	\$ 750,000	\$ 729,684	\$ 20,316
Total General Fund	\$ 20,600,948	\$ 21,881,710	\$ 20,803,310	\$ 1,078,400
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial administration:				
Courts:				
Law library	\$ 2,400	\$ 2,400	\$ 1,405	\$ 995
Total judicial administration	\$ 2,400	\$ 2,400	\$ 1,405	\$ 995
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ 50,063	\$ 21,018	\$ 29,045
Total other protection	\$ -	\$ 50,063	\$ 21,018	\$ 29,045
Total public safety	\$ -	\$ 50,063	\$ 21,018	\$ 29,045
Total County Special Revenue Fund	\$ 2,400	\$ 52,463	\$ 22,423	\$ 30,040
County Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ 50,000	\$ 50,000	\$ -
Capital projects expenditures:				
Capital projects	\$ 1,000,000	\$ 1,000,000	\$ 228,263	\$ 771,737
School capital projects	12,800,000	12,800,000	4,221,773	8,578,227
Total capital projects	\$ 13,800,000	\$ 13,800,000	\$ 4,450,036	\$ 9,349,964

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

Schedule 2
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County Capital Projects Fund: (Continued)				
Debt service:				
Principal retirement	\$ 1,247,001	\$ 1,247,001	\$ 1,081,397	\$ 165,604
Interest and other fiscal charges	498,775	498,775	497,256	1,519
Bond issuance costs	-	-	10,150	(10,150)
Total debt service	<u>\$ 1,745,776</u>	<u>\$ 1,745,776</u>	<u>\$ 1,588,803</u>	<u>\$ 156,973</u>
 Total County Capital Projects Fund	 <u>\$ 15,545,776</u>	 <u>\$ 15,595,776</u>	 <u>\$ 6,088,839</u>	 <u>\$ 9,506,937</u>
 Total Primary Government	 <u>\$ 36,149,124</u>	 <u>\$ 37,529,949</u>	 <u>\$ 26,914,572</u>	 <u>\$ 10,615,377</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 867,713	\$ 865,213	\$ 780,222	\$ 84,991
Instruction costs	13,674,285	13,682,172	12,740,474	941,698
Pupil transportation	1,749,854	1,785,004	1,884,899	(99,895)
Operation and maintenance of school plant	1,685,187	1,694,650	1,815,163	(120,513)
Total education	<u>\$ 17,977,039</u>	<u>\$ 18,027,039</u>	<u>\$ 17,220,758</u>	<u>\$ 806,281</u>
Debt service:				
Principal retirement	\$ 46,229	\$ 46,229	\$ 46,229	\$ -
Interest and other fiscal charges	79,497	79,497	79,497	-
Total debt service	<u>\$ 125,726</u>	<u>\$ 125,726</u>	<u>\$ 125,726</u>	<u>\$ -</u>
 Total School Operating Fund	 <u>\$ 18,102,765</u>	 <u>\$ 18,152,765</u>	 <u>\$ 17,346,484</u>	 <u>\$ 806,281</u>
Special Revenue Fund:				
School Special Revenue Fund:				
Education:				
Textbooks	\$ 31,409	\$ 88,631	\$ 88,631	\$ -
Commodities	-	-	34,794	(34,794)
School food services	982,809	982,809	1,015,828	(33,019)
 Total School Special Revenue Fund	 <u>\$ 1,014,218</u>	 <u>\$ 1,071,440</u>	 <u>\$ 1,139,253</u>	 <u>\$ (67,813)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 19,116,983</u>	 <u>\$ 19,224,205</u>	 <u>\$ 18,485,737</u>	 <u>\$ 738,468</u>

STATISTICAL INFORMATION

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Table 1

County of Sussex, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2003	\$ 1,198,442	\$ 519,786	\$ 3,152,554	\$ 653,973	\$ 2,344,701	\$ 8,810,392	\$ 96,315	\$ 376,762	\$ 389,946	\$ 17,542,871
2004	1,361,340	507,145	3,664,144	1,820,962	2,204,236	5,649,819	144,742	950,838	392,059	16,695,285
2005	1,300,605	610,181	3,886,571	1,043,513	2,683,746	12,525,299	150,219	622,203	560,986	23,383,323
2006	1,418,612	914,681	4,357,806	931,467	3,052,246	14,602,012	147,446	908,138	1,167,092	27,499,500
2007	1,714,597	959,376	4,961,173	818,400	3,010,045	8,894,187	202,177	1,319,723	398,784	22,278,462
2008	1,710,415	1,099,108	5,092,001	850,360	3,157,925	3,002,544	273,141	1,270,552	529,121	16,985,167
2009	1,750,158	1,173,501	5,558,789	744,007	3,502,184	9,330,399	211,185	662,735	592,492	23,525,450
2010	1,790,384	1,117,542	5,032,632	802,875	3,296,600	8,154,852	210,076	397,609	481,963	21,284,533
2011	1,625,465	1,091,275	5,076,704	718,552	3,164,197	9,530,650	196,825	734,337	591,427	22,729,432
2012	1,723,664	1,125,133	5,211,151	745,138	2,973,785	7,668,587	200,550	1,400,525	440,982	21,489,515

Table 2

**County of Sussex, Virginia
Government-Wide Revenues
Last Ten Fiscal Years**

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	Grants and Contributions Not Restricted to Specific Programs	Total
2003	\$ 4,765,798	\$ 3,760,356	\$ 418,556	\$	5,489,030	958,067	169,215	\$ 94,888	\$ 1,220,991	\$ 16,876,901
2004	8,710,395	4,113,501	-		6,051,751	966,414	121,456	43,979	1,241,805	21,249,301
2005	9,707,376	4,452,212	-		5,644,934	1,039,419	269,551	68,853	1,264,333	22,446,678
2006	10,155,481	4,330,399	438,841		6,107,518	1,044,356	592,247	114,820	1,654,751	24,438,413
2007	10,439,597	4,491,605	307,875		7,139,978	1,144,545	670,959	110,145	1,491,852	25,796,556
2008	9,862,743	4,608,191	702,126		7,013,522	1,153,991	756,429	182,266	1,541,056	25,820,324
2009	7,811,169	4,826,716	295,634		7,763,119	1,103,140	646,208	156,820	1,684,464	24,287,270
2010	7,079,380	4,581,112	3,000		7,641,415	962,731	525,710	170,722	1,780,590	22,744,660
2011	8,012,050	4,544,066	5,896		7,321,690	981,129	342,043	113,224	2,064,221	23,384,319
2012	6,969,432	4,459,264	755,500		7,370,633	1,071,020	233,729	114,766	1,476,144	22,450,488

Table 3

County of Sussex, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2003	\$ 1,198,431	\$ 438,933	\$ 3,090,591	\$ 578,565	\$ 2,299,042	\$ 14,791,172	\$ 120,977	\$ 427,536	\$ 1,370,076	\$ 24,315,323
2004	1,315,792	430,845	3,458,793	728,143	2,168,683	14,566,835	132,779	959,892	1,531,898	25,293,660
2005	1,629,338	523,523	4,024,068	707,736	2,656,511	17,351,573	146,824	654,135	1,471,231	29,164,939
2006	1,495,299	791,107	4,204,936	979,719	3,035,962	17,944,854	144,824	946,128	6,057,294	35,600,123
2007	1,520,901	830,161	4,991,684	913,695	3,028,519	19,622,909	166,566	943,953	3,353,526	35,371,914
2008	1,691,150	945,586	5,281,250	945,854	3,115,853	19,859,874	267,376	964,018	1,296,331	34,367,292
2009	1,698,539	1,082,816	5,452,393	858,840	3,470,196	19,799,492	205,488	722,862	1,820,159	35,110,785
2010	1,688,106	1,028,983	5,153,230	759,403	3,264,016	18,597,272	204,378	731,514	1,781,565	33,208,467
2011	1,659,008	998,081	5,065,100	828,833	3,127,541	18,587,853	191,127	760,375	1,742,510	32,960,428
2012	1,652,293	1,032,403	5,087,886	858,074	2,937,477	18,311,915	194,852	766,673	1,714,529	32,556,102

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

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

(3) Excludes Capital Projects funds, with the exception of debt service.

Table 4

County of Sussex, Virginia
General Governmental Revenues by Source (1,3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2003	\$ 5,679,322	\$ 958,067	\$ 47,342	\$ 356,083	\$ 124,219	\$ 4,621,142	\$ 237,146	\$ 169,707	\$ 12,614,800	\$ 24,807,828
2004	5,951,838	966,414	53,016	411,681	86,507	8,515,924	221,001	252,281	13,130,620	29,589,282
2005	5,678,595	1,039,419	79,932	563,774	155,555	9,370,612	292,425	316,344	14,901,450	32,398,106
2006	6,152,665	1,044,356	102,960	780,269	429,023	9,560,050	227,692	226,664	16,577,463	35,101,142
2007	7,050,851	1,144,545	119,255	760,953	490,996	9,868,990	475,353	377,086	18,689,800	38,977,829
2008	6,827,701	1,153,991	111,802	523,070	366,819	9,552,804	529,087	388,243	17,444,276	36,897,793
2009	7,720,656	1,103,140	80,226	440,304	363,764	7,581,842	394,319	505,592	17,876,069	36,065,912
2010	7,534,857	962,731	96,985	467,053	367,802	6,803,999	325,731	435,143	17,564,069	34,558,370
2011	7,321,027	981,129	79,127	976,889	169,375	7,236,490	214,365	420,352	16,452,862	33,851,616
2012	7,685,234	1,071,020	129,359	695,809	160,564	6,423,415	312,664	286,039	16,940,871	33,704,975

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

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

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2003	\$ 6,707,970	\$ 6,508,747	97.03%	\$ 133,612	\$ 6,642,359	99.02%	\$ 240,963	3.59%
2004	6,946,501	6,758,978	97.30%	164,648	6,923,626	99.67%	302,519	4.35%
2005	6,691,942	6,497,137	97.09%	95,627	6,592,764	98.52%	372,696	5.57%
2006	7,090,204	7,031,524	99.17%	131,955	7,163,479	101.03%	250,359	3.53%
2007	7,926,042	7,827,628	98.76%	100,868	7,928,496	100.03%	229,132	2.89%
2008	7,731,894	7,854,032	101.58%	(150,054)	7,703,978	99.64%	270,581	3.50%
2009	8,793,146	8,579,157	97.57%	108,021	8,687,178	98.79%	292,461	3.33%
2010	8,546,817	8,299,271	97.10%	143,369	8,442,640	98.78%	345,257	4.04%
2011	8,667,073	8,268,631	95.40%	206,044	8,474,675	97.78%	545,014	6.29%
2012	8,536,012	8,481,243	99.36%	233,737	8,714,980	102.10%	318,841	3.74%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchants Capital	Public Service(2)			Total
					Real Estate	Real Estate	Personal Property	
2003	\$ 442,859,108	\$ 61,831,023	\$ 16,799,605	\$ 6,412,725	\$ 57,263,547	\$ 57,263,547	\$ 567,622	\$ 585,733,630
2004	446,908,159	65,233,775	20,444,585	5,740,623	57,060,238	57,060,238	675,019	596,062,399
2005	449,569,149	61,376,208	19,619,610	6,684,265	53,738,590	53,738,590	591,390	591,579,212
2006	452,285,903	70,462,922	18,971,705	6,691,430	45,099,041	45,099,041	430,978	593,941,979
2007	759,517,159	64,742,170	21,332,385	7,087,015	70,531,378	70,531,378	754,449	923,964,556
2008	763,631,538	65,400,176	20,814,145	8,062,905	64,204,050	64,204,050	1,005,946	923,118,760
2009	783,848,824	70,531,248	21,577,440	8,979,150	51,887,667	51,887,667	674,605	937,498,934
2010	794,375,037	66,931,158	36,921,353	9,922,430	53,795,463	53,795,463	701,673	962,647,114
2011	790,662,282	68,294,266	39,352,829	7,691,275	51,832,467	51,832,467	664,445	958,497,564
2012	779,605,930	68,133,788	35,320,163	9,041,663	63,107,718	63,107,718	727,459	955,936,721

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchants Capital
2003	\$ 0.65	\$ 0.65	\$ 4.85	\$ 4.85	\$ 1.00
2004	0.65	0.65	4.85	4.85	1.00
2005	0.65	0.65	4.85	4.85	1.00
2006	0.65	0.65	4.85	4.85	1.00
2007	0.48	0.48	4.85	4.85	1.00
2008	0.48	0.48	4.85	4.85	1.00
2009	0.54	0.54	4.85	4.85	1.00
2010 (2)	0.54	0.54	4.85	2.43	1.00
2011	0.54	0.54	4.85	2.43	1.00
2012	0.54	0.54	4.85	2.43	1.00

(1) Per \$100 of assessed value.

(2) In FY 2010 machinery and tools is began being calculated at a higher assessed value at half the rate.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities		
2003	12,504	\$ 585,733,630	\$ 12,480,073	\$ -	\$ -	2.13%	\$ 998
2004	12,504	596,062,399	13,048,861	-	-	2.19%	1,044
2005	12,504	591,579,212	12,673,661	-	-	2.14%	1,014
2006	12,504	593,941,979	12,405,403	-	-	2.09%	992
2007	12,504	923,964,556	11,674,133	-	-	1.26%	934
2008	12,504	923,118,760	21,236,821	229,675	-	2.28%	1,680
2009	12,504	937,498,934	20,155,424	404,794	-	2.11%	1,580
2010	12,087	962,647,114	19,074,027	584,066	-	1.92%	1,530
2011	12,087	958,497,564	17,992,630	767,672	-	1.80%	1,425
2012	12,087	955,936,721	22,162,207	955,718	-	2.22%	1,754

(1) Weldon Cooper Center for Public Service for 2000 and 2010 Census counts.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill postclosure costs, capital leases, and compensated absences.

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 Sussex
Sussex, Virginia**

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Sussex, Virginia's basic financial statements and have issued our report thereon dated January 28, 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 County of Sussex, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Sussex, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Sussex, 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 the County of Sussex, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the 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.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia
January 28, 2013

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' 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 Sussex
Sussex, Virginia**

Compliance

We have audited County of Sussex, 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 Sussex, Virginia's major federal programs for the year ended June 30, 2012. The County of Sussex, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on the County of Sussex, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Sussex, Virginia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Sussex, Virginia's compliance with those requirements.

In our opinion, the County of Sussex, 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 program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the County of Sussex, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our 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 the County of Sussex, 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 control 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, the 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.

A handwritten signature in black ink, appearing to read "R. F. Cox", followed by a long horizontal line.

Richmond, Virginia
January 28, 2013

County of Sussex, 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:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 145
Temporary Assistance for Needy Families	93.558	0400109/0400110	207,586
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	402
Low Income Home Energy Assistance	93.568	0600409/00600410	17,567
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	0770109/0770110	30,934
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	0760109/0760110	47,663
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/090110	667
Foster Care - Title IV-E	93.658	1100109/1100110	113,260
Adoption Assistance	93.659	1120109/11201110	21,760
Social Services Block Grant	93.667	1000109/1000110	140,497
Chafee Foster Care Independence Program	93.674	9150109/9150110	1,460
Children's Health Insurance Program	93.767	0540109/0540110	8,320
Medical Assistance Program	93.778	1200109/1200110	181,753
Total Department of Health and Human Services			<u>\$ 772,014</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602-155	<u>\$ 56,442</u>
Department of Agriculture:			
Direct Payments:			
Child Nutrition Cluster:			
Summer food service program for children	10.559	N/A	<u>\$ 19,348</u>
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 34,794
Department of Education:			
National School Lunch Program	10.555	17901-40623	<u>380,764</u>
Total CFDA# 10.555			\$ 415,558
School Breakfast Program	10.553	17901-40591	193,693
Pass Through Payments:			
Department of Education:			
Fresh Fruit and Vegetable Program	10.582	17901-40599	13,525

County of Sussex, 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 Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010100	\$ 302,060
Total Department of Agriculture			\$ 944,184
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50287	\$ 7,198
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	53505- 50797	\$ 680,500
Home Investment Partnership Program	14.239	45805-45856	61,755
Total Department of Housing and Urban Development			\$ 742,255
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901-42999	\$ 611,512
ARRA - Title I Grants to Local Educational Agencies	84.389	17901-42913	62,981
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071-61234	510,792
ARRA -Special Education - Grants to States	84.391	17901-61245	62,851
Special Education - Preschool Grants	84.173	17901-62521	9,365
ARRA - Special Education - Preschool Grants	84.392	17901-61247	7,744
Career and Technical Education - Basic Grants to States	84.048	17901-61095	31,192
Safe and Drug Free Schools and Communities - State Grants	84.186	17901-60511	5,503
ARRA - Education Technology State Grants	84.386	17901-60897	11,906
Rural Education	84.358	17901-43481	12,420
ARRA - State Fiscal Stabilization Funds , Education State Grants	84.394	17901-62532	175,771
Gaining Early Awareness and Readiness for Undergraduate Programs	84.xxx	17117	14,624
Twenty-First Century Community Learning Centers	84.287	17901-60565	197,186
Improving Teacher Quality State Grants	84.367	17901-61480	62,877
ARRA - School Improvement Grants	84.388	17901-42990	344,291
Total Department of Education			\$ 2,121,015
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	\$ 56,436
Total Expenditures of Federal Awards			\$ 4,699,544

See accompanying notes to schedule of expenditures of federal awards.

County of Sussex, 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 (the Schedule) includes the federal grant activity of the County of Sussex, 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 the 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 Sussex, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Sussex, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained 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 commodities received or disbursed.

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	\$ 1,879,969
Total primary government	\$ <u>1,879,969</u>

Component Unit School Board:

School Operating Fund	\$ 2,177,451
School Cafeteria Fund	642,124
Total component unit School Board	\$ <u>2,819,575</u>
Total federal expenditures per basic financial statements	\$ <u>4,699,544</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,699,544</u></u>
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**County of Sussex, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditor's report issued on compliance
for major programs: unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants
84.388	ARRA - School Improvement Grants
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

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

Auditee qualified as low-risk auditee? ✓ yes _____ no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Sussex, Virginia

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

There were no prior year findings and questioned costs.

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