

COUNTY OF HALIFAX, VIRGINIA



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

COUNTY OF HALIFAX, VIRGINIA
JUNE 30, 2014

BOARD OF SUPERVISORS

Thomas E. West, Chairman	
William Bryant Claiborne, Vice-Chairman	
J.T. Davis	S. Lawrence Giordano
Douglas V. Bowman	Ray Owen
Lottie T. Nunn	Barry A. Bank

COUNTY SCHOOL BOARD

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Phyllis D. Smith
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BOARD OF SOCIAL SERVICES

Debbie Ferguson, Chairman	
Jewel Medley, Vice-Chairman	
Susan McLamb	Franklin Coleman
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OTHER OFFICIALS

Judge of the Circuit Court
Judge of the Circuit Court
Clerk of the Circuit Court
Judge of the General District Court
Judge of the Juvenile and Domestic Relations Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Department of Social Services
County Administrator

Leslie M. Osborn
Joel C. Cunningham
Cathy M. Cosby
Robert G. Woodson
S. Anderson Nelson
Tracy Q. Martin
Brenda P. Powell
Linda S. Foster
Fred S. Clark
Merle Herndon
Kathy Andrews
James Halasz

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Halifax, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 on pages 4-9, 60-61 and 62-63, 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 required supplementary information 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 information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Halifax, Virginia's basic financial statements. The other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, on our consideration of the County of Halifax, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Halifax, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 8, 2015

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County of Halifax, Virginia Management's Discussion and Analysis

As management of the County of Halifax (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources position of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$22.7 million (*net position*). Of this amount, approximately \$15.8 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$3,006,166 in fiscal year 2014 in comparison to an increase of \$442,409 in fiscal year 2013.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$19.6 million, an increase of \$5,355,923. Forty-eight percent, or \$9.4 million of this amount, is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, fund balance for the General Fund was approximately \$16 million, or 37% of total governmental fund expenditures less any capital outlay.
- The County's total governmental activities debt decreased by \$114,429 during the current fiscal year after issuance of the Series 2014 lease revenue note, 2014 general obligation refunding bonds and capital lease and net of payment of principal and other debt transactions.

Overview of the Financial Statements

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

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the County may have used previously accumulated funds.

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

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. The business-type activities are for public utilities.

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

Fund financial statements

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

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

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

The County maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Virginia Public Assistance Fund and the Capital Projects fund, all of which are considered to be major funds. Data from the other County funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, Virginia Public Assistance fund, Capital Projects fund, State and Federal Grants fund, William M. Tuck Airport fund. Budgetary comparison statements have been provided to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 17 of this report.

Overview of the Financial Statements (Continued)

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 59 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the General Fund and the Virginia Public Assistance Fund. Required supplementary information can be found on pages 60 through 63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 64 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows by \$22.7 million at the close of the most recent fiscal year. A large portion of the County's net position (\$6.8 million, 30% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

**Comparative Summary of Net Position
As of June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
Current and other assets	\$ 39,192,678	\$ 34,197,221
Capital assets	56,925,796	59,482,727
Total assets	\$ 96,118,474	\$ 93,679,948
Long-term liabilities outstanding	\$ 55,646,094	\$ 55,760,523
Current liabilities	947,487	1,116,717
Subtotal liabilities	56,593,581	56,877,240
Deferred inflows of resources	\$ 16,802,172	\$ 17,086,153
Total liabilities and deferred inflows of resources	\$ 73,395,753	\$ 73,963,393
Net position:		
Net investment in capital assets	\$ 6,819,906	\$ 7,109,549
Restricted	109,503	68,422
Unrestricted	15,793,312	12,538,584
Total net position	\$ 22,722,721	\$ 19,716,555

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

As noted previously, the County's total net position increased by \$3,006,166 during the current fiscal year.

Government-Wide Financial Analysis: (Continued)

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

**Comparative Statement of Changes in Net Position
As of June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 706,508	\$ 672,784
Operating grants and contributions	8,537,054	9,034,629
Capital grants and contributions	928,245	1,461,144
General revenues:		
Property taxes	24,807,716	24,306,577
Other taxes	6,583,756	6,164,352
Unrestricted revenues	343,804	343,065
Miscellaneous	507,624	302,982
Grants and contributions not restricted to specific programs	2,897,174	2,667,870
Total revenues	\$ 45,311,881	\$ 44,953,403
Expenses:		
General governmental administration	\$ 2,198,400	\$ 2,325,357
Judicial administration	1,638,022	1,596,842
Public safety	7,190,142	7,458,534
Public works	3,810,125	3,531,002
Health and welfare	6,813,100	7,551,029
Parks, recreation, and cultural	454,679	474,772
Community development	2,014,030	2,754,844
Interest on long-term debt	1,177,375	2,240,418
Education	17,009,842	16,578,196
Total expenses	\$ 42,305,715	\$ 44,510,994
Increase (decrease) in net position	\$ 3,006,166	\$ 442,409
Net position - beginning of year	19,716,555	19,274,146
Net position - end of year	\$ 22,722,721	\$ 19,716,555

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

- General property taxes, excluding the payments received from the State as reimbursement under the State's personal property tax relief program, were \$24.8 million, which represents an increase of approximately \$500,000 or 2%.
- Other local taxes increased \$419,404, primarily due to an increase in motor vehicle license fees.

Government-Wide Financial Analysis: (Continued)

- Expenses of the governmental activities were approximately \$2,205,000 less than fiscal year 2013. This decrease is attributable to the decreases in the following expense categories - general government administration; public safety; health and welfare; community development and interest expense. Interest expense reported the largest decrease in expense over the prior year due to a refunding credit received from the VPSA school bonds. Community development expense category reported a significant decrease due to pass-through grant funding for the South Boston energy project in conjunction with the Community Development Block Grant in the prior year not received in fiscal year 2014.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$19.6 million, an increase of \$5,355,923 in comparison with the prior year.

The General Fund is the chief operating fund of the County. Excluding transfers to and from other funds, the general fund's revenues exceeded expenditures by \$4,749,533. At the end of the current fiscal year, total fund balance of the General Fund was \$16.0 million. The unassigned fund balance is \$9,402,314, nonspendable amounts total \$113,177, restricted amounts total \$109,503, committed amounts total \$446,028, and assigned amounts represent \$5,988,019. As a measure of the General Fund's liquidity, the fund balance represents 38% of general government expenditures.

The County Capital Improvements Fund accounts for all major general public improvements, excluding capital projects related to business-type activities and education, which are accounted for elsewhere. At the end of the fiscal year, the fund balance was \$2,624,573, representing unexpended debt proceeds to be used for capital projects.

Nonmajor special revenue funds included the Airport Fund and the State and Federal Grants Fund. Both funds accounted for the total reported as committed special revenue funds in the amount of \$910,425.

General Fund Budgetary Highlights

There was a decrease of \$329,675 between the original budget and the final amended budget expenditures excluding transfers out.

Actual revenues were more than the budgeted amounts by \$1,295,608 and actual expenditures were less than budgeted amounts by \$778,487.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$57.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress. Major capital asset events during the current fiscal year included the following:

- Purchase of several vehicles for various County departments
- Courthouse needs assessment
- Sheriffs office relocation and renovation
- Renovation of the STEM building

Capital Asset and Debt Administration: (Continued)

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

	<u>Governmental Activities</u>	<u>Total</u>
Land	\$ 5,075,550	\$ 5,075,550
Buildings and systems	49,746,651	49,746,651
Machinery & Equipment	714,704	714,704
Contruction in progress	1,388,891	1,388,891
Total	<u>\$ 56,925,796</u>	<u>\$ 56,925,796</u>

Additional information on the County's capital assets can be found in note 7 on pages 32 through 33 of this report.

Long-term obligations: At the end of the current fiscal year, the County had total outstanding obligations of \$54.7 million. Details are summarized in the following table:

	<u>Governmental Activities</u>	<u>Total</u>
Bonds Payable:		
General obligation bonds	\$ 42,020,836	\$ 42,020,836
Revenue bonds	4,053,000	4,053,000
Literary loans	4,666,811	4,666,811
Landfill Closure/Postclosure	1,610,842	1,610,842
Capital leases	489,552	489,552
Note payable	666,082	666,082
Net OPEB obligation	191,900	191,900
Compensated absences	984,622	984,622
Total	<u>\$ 54,683,645</u>	<u>\$ 54,683,645</u>

Debt associated with governmental activities decreased \$114,429.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County as of November 2014 was 7%. The State's average unemployment rate was 4.5% and the national average rate was 5.8%.
- One of the greatest economic impacts to the County currently is the uncertainty of how the State allocations to local governments will be adjusted due to State budgetary issues being addressed by the State.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, County of Halifax, 1030 Cowford Road, P.O. Box 699, Halifax, VA 24558.

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2014

	Primary Government	Component Units		
	Governmental Activities	School Board	Industrial Development Authority	Regional Library
ASSETS				
Cash and cash equivalents	\$ 11,117,238	\$ 6,116,708	\$ 2,273,560	\$ 37,290
Receivables (net of allowance for uncollectibles):				
Taxes receivable	18,724,158	-	-	-
Accounts receivable	411,675	753,055	108,450	-
Notes receivable	-	-	51,755	-
Due from component unit	4,277,274	-	-	-
Due from other governmental units	1,793,210	2,875,675	78,138	-
Inventories	-	-	-	-
Prepaid items	113,177	477,361	-	-
Property held for resale	-	-	2,666,598	-
Restricted assets:				
Cash and cash equivalents	2,755,946	-	-	-
Capital assets (net of accumulated depreciation):				
Land	5,075,550	130,523	1,328,342	-
Buildings and systems	49,746,651	20,836,576	30,276,325	-
Machinery and equipment	714,704	1,732,210	1,857,896	-
Construction in progress	1,388,891	380,689	2,515,928	-
Total assets	<u>\$ 96,118,474</u>	<u>\$ 33,302,797</u>	<u>\$ 41,156,992</u>	<u>\$ 37,290</u>
LIABILITIES				
Accounts payable	\$ 67,653	\$ 443,621	\$ 260,759	\$ -
Accrued liabilities	23,643	4,604,061	-	-
Accrued interest payable	856,191	-	-	-
Due to primary government	-	4,027,874	249,400	-
Long-term liabilities:				
Due within one year	3,685,060	188,688	830,224	-
Due in more than one year	51,961,034	1,640,424	10,186,430	5,000
Total liabilities	<u>\$ 56,593,581</u>	<u>\$ 10,904,668</u>	<u>\$ 11,526,813</u>	<u>\$ 5,000</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 16,802,172	\$ -	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 16,802,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 6,819,906	\$ 22,447,065	\$ 24,980,254	\$ -
Restricted:				
Asset forfeiture	109,503	-	-	-
Unrestricted	15,793,312	(48,936)	4,649,925	32,290
Total net position	<u>\$ 22,722,721</u>	<u>\$ 22,398,129</u>	<u>\$ 29,630,179</u>	<u>\$ 32,290</u>

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

COUNTY OF HALIFAX, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,198,400	\$ -	\$ 283,866	\$ -
Judicial administration	1,638,022	58,506	902,878	-
Public safety	7,190,142	319,076	2,236,022	294,389
Public works	3,810,125	304,276	18,021	-
Health and welfare	6,813,100	-	5,041,482	-
Education	17,009,842	-	-	-
Parks, recreation, and cultural	454,679	6,416	5,000	-
Community development	2,014,030	18,234	49,785	633,856
Interest on long-term debt	1,177,375	-	-	-
Total governmental activities	<u>\$ 42,305,715</u>	<u>\$ 706,508</u>	<u>\$ 8,537,054</u>	<u>\$ 928,245</u>
Total primary government	<u>\$ 42,305,715</u>	<u>\$ 706,508</u>	<u>\$ 8,537,054</u>	<u>\$ 928,245</u>
COMPONENT UNITS:				
School Board	\$ 57,777,789	\$ 711,664	\$ 39,647,958	\$ -
Industrial Development Authority	3,179,206	1,834,710	-	1,090,611
Regional Library	392,779	34,744	188,783	-
Total component units	<u>\$ 61,349,774</u>	<u>\$ 2,581,118</u>	<u>\$ 39,836,741</u>	<u>\$ 1,090,611</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumers utility taxes				
Motor vehicle licenses				
Solid waste disposal fee				
Other local taxes				
Unrestricted revenues from use of money and property				
Payments from Halifax County				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government Governmental Activities	Component Units			
	School Board	Industrial Development Authority	Regional Library	
\$ (1,914,534)	\$ -	\$ -	\$ -	
(676,638)	-	-	-	
(4,340,655)	-	-	-	
(3,487,828)	-	-	-	
(1,771,618)	-	-	-	
(17,009,842)	-	-	-	
(443,263)	-	-	-	
(1,312,155)	-	-	-	
(1,177,375)	-	-	-	
<u>\$ (32,133,908)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (32,133,908)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (17,418,167)	\$ -	\$ -	
-	-	(253,885)	-	
-	-	-	(169,252)	
<u>\$ -</u>	<u>\$ (17,418,167)</u>	<u>\$ (253,885)</u>	<u>\$ (169,252)</u>	
\$ 24,807,716	\$ -	\$ -	\$ -	
2,962,593	-	-	-	
885,711	-	-	-	
999,681	-	-	-	
608,564	-	-	-	
1,127,207	-	-	-	
343,804	-	12,956	-	
-	16,904,119	719,607	175,000	
507,624	1,645,887	-	23,896	
2,897,174	-	-	-	
<u>\$ 35,140,074</u>	<u>\$ 18,550,006</u>	<u>\$ 732,563</u>	<u>\$ 198,896</u>	
<u>\$ 3,006,166</u>	<u>\$ 1,131,839</u>	<u>\$ 478,678</u>	<u>\$ 29,644</u>	
19,716,555	21,266,290	29,151,501	2,646	
<u>\$ 22,722,721</u>	<u>\$ 22,398,129</u>	<u>\$ 29,630,179</u>	<u>\$ 32,290</u>	

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2014

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 10,206,813	\$ -	\$ -	\$ 910,425	\$ 11,117,238
Receivables (net of allowance for uncollectibles):					
Taxes receivable	18,724,158	-	-	-	18,724,158
Accounts receivable	411,675	-	-	-	411,675
Due from other funds	693,375	-	-	-	693,375
Due from component units	4,277,274	-	-	-	4,277,274
Due from other governmental units	1,099,835	693,375	-	-	1,793,210
Prepaid items	113,177	-	-	-	113,177
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	109,503	-	2,646,443	-	2,755,946
Total assets	<u>\$ 35,635,810</u>	<u>\$ 693,375</u>	<u>\$ 2,646,443</u>	<u>\$ 910,425</u>	<u>\$ 39,886,053</u>
LIABILITIES					
Accounts payable	\$ 67,653	\$ -	\$ -	\$ -	\$ 67,653
Accrued liabilities	1,773	-	21,870	-	23,643
Due to other funds	-	693,375	-	-	693,375
Total liabilities	<u>\$ 69,426</u>	<u>\$ 693,375</u>	<u>\$ 21,870</u>	<u>\$ -</u>	<u>\$ 784,671</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 19,507,343	\$ -	\$ -	\$ -	\$ 19,507,343
Total deferred inflows of resources	<u>\$ 19,507,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,507,343</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 113,177	\$ -	\$ -	\$ -	\$ 113,177
Restricted:					
Asset forfeiture, state and Federal	109,503	-	-	-	109,503
Capital projects	-	-	2,624,573	-	2,624,573
Committed:					
Future projects/grant matching	-	-	-	435,779	435,779
Airport operations	-	-	-	474,646	474,646
Asset forfeiture, local share	4,371	-	-	-	4,371
E-911 operations	268,133	-	-	-	268,133
Courthouse maintenance	173,524	-	-	-	173,524
Assigned:					
Long-term debt	5,988,019	-	-	-	5,988,019
Unassigned	9,402,314	-	-	-	9,402,314
Total fund balances	<u>\$ 16,059,041</u>	<u>\$ -</u>	<u>\$ 2,624,573</u>	<u>\$ 910,425</u>	<u>\$ 19,594,039</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,635,810</u>	<u>\$ 693,375</u>	<u>\$ 2,646,443</u>	<u>\$ 910,425</u>	<u>\$ 39,886,053</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 19,594,039
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 79,405,815	
Accumulated depreciation	<u>(22,480,019)</u>	56,925,796

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

Unavailable property taxes	2,705,171
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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.

Bonds and notes payable	\$ (51,406,729)	
Capital leases	(489,552)	
Unamortized premium on bonds	(962,449)	
Accrued interest payable	(856,191)	
Net OPEB obligation	(191,900)	
Compensated absences	(984,622)	
Landfill postclosure liability	<u>(1,610,842)</u>	<u>(56,502,285)</u>

Net position of governmental activities	\$ <u>22,722,721</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 24,894,828	\$ -	\$ -	\$ -	\$ 24,894,828
Other local taxes	6,583,756	-	-	-	6,583,756
Permits, privilege fees, and regulatory licenses	185,344	-	-	-	185,344
Fines and forfeitures	73,681	-	-	-	73,681
Revenue from the use of money and property	270,226	-	878	72,700	343,804
Charges for services	447,483	-	-	-	447,483
Miscellaneous	214,769	53,583	-	31,500	299,852
Recovered costs	739,564	-	-	-	739,564
Intergovernmental:					
Commonwealth	5,990,944	2,883,788	-	602,260	9,476,992
Federal	65,843	2,157,694	-	661,944	2,885,481
Total revenues	\$ 39,466,438	\$ 5,095,065	\$ 878	\$ 1,368,404	\$ 45,930,785
EXPENDITURES					
Current:					
General government administration	\$ 2,233,023	\$ -	\$ -	\$ -	\$ 2,233,023
Judicial administration	1,576,377	-	-	77,820	1,654,197
Public safety	7,274,293	-	-	520,363	7,794,656
Public works	3,080,549	-	-	-	3,080,549
Health and welfare	374,274	6,370,444	-	-	6,744,718
Education	13,588,053	-	-	-	13,588,053
Parks, recreation, and cultural	432,560	-	-	10,000	442,560
Community development	1,381,264	-	-	709,516	2,090,780
Nondepartmental	131,883	-	-	-	131,883
Capital projects	-	-	1,251,718	16,006	1,267,724
Debt service:					
Principal retirement	3,145,340	-	-	-	3,145,340
Interest and other fiscal charges	1,499,289	-	-	-	1,499,289
Total expenditures	\$ 34,716,905	\$ 6,370,444	\$ 1,251,718	\$ 1,333,705	\$ 43,672,772
Excess (deficiency) of revenues over (under) expenditures	\$ 4,749,533	\$ (1,275,379)	\$ (1,250,840)	\$ 34,699	\$ 2,258,013
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 1,275,379	\$ 1,104,413	\$ -	\$ 2,379,792
Transfers out	(2,379,792)	-	-	-	(2,379,792)
Issuance of capital lease	296,506	-	-	-	296,506
Issuance of lease revenue bonds	-	-	2,771,000	-	2,771,000
Issuance of refunding lease revenue bonds	677,000	-	-	-	677,000
Issuance of refunding general obligation bonds	455,000	-	-	-	455,000
Payments to refunding bond escrow agent	(1,101,596)	-	-	-	(1,101,596)
Total other financing sources (uses)	\$ (2,052,882)	\$ 1,275,379	\$ 3,875,413	\$ -	\$ 3,097,910
Net change in fund balances	\$ 2,696,651	\$ -	\$ 2,624,573	\$ 34,699	\$ 5,355,923
Fund balances - beginning	13,362,390	-	-	875,726	14,238,116
Fund balances - ending	\$ 16,059,041	\$ -	\$ 2,624,573	\$ 910,425	\$ 19,594,039

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$ 5,355,923
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the details of this difference:

Capital asset additions	\$ 1,564,230	
Capital assets received as donation	213,552	
Net transfer of joint tenancy assets	(3,464,510)	
Depreciation expense	<u>(795,106)</u>	(2,481,834)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets for gains and decrease net assets for losses.	(75,097)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes recognized as revenue	(87,112)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following are the details of these differences:

Issuance of long-term debt, net of premium and discounts	\$ (4,199,506)	
Payments to refunding bond escrow agent	1,101,596	
Principal payments and premium amortization	<u>3,315,456</u>	217,546

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 net OPEB obligation	\$ (38,000)	
(Increase) decrease in compensated absences	(42,877)	
(Increase) decrease in accrued interest payable	179,857	
(Increase) decrease in landfill postclosure liability	<u>(22,240)</u>	<u>76,740</u>

Change in net position of governmental activities	<u>\$ 3,006,166</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 153,777
Total assets	\$ <u>153,777</u>
LIABILITIES	
Accrued liabilities	\$ 14,043
Amounts held for social services clients	37,876
Amounts held for other organizations	101,858
Total liabilities	\$ <u>153,777</u>

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014

Note 1—Summary of Significant Accounting Policies:

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

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

A. Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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

A. Financial Statement Presentation: (Continued)

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget, final budget and actual results.

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

B. Financial Reporting Entity

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

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

C. Individual Component Unit Disclosures

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

Discretely Presented Component Units.

The School Board members are elected by the citizens of Halifax County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding of the school board is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2014.

The Halifax County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority's board members are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2014. Complete financial statements for the Authority are available from the Authority in South Boston, Virginia.

The Halifax County - South Boston Regional Library provides public library services to residents of the County and Town. The County appoints four of the five members of the library board. The library is fiscally dependent upon the County for operating contributions. The financial statements of the library are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2014. The library does not issue separate financial statements.

D. Other Related Organizations

Included in the County's Financial Report

None

Jointly Governed Organizations

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

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

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

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

D. Other Related Organizations: (Continued)

Jointly Governed Organizations: (Continued)

Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Charlotte are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$876,970 for solid waste transferred to the Authority in fiscal year 2014.

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

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

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

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

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

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.

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

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

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 unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

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

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

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

1. Governmental Funds: (Continued)

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

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

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

2. Proprietary Funds - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. The County does not have a proprietary fund(s).
3. Fiduciary Funds - (Agency Funds) - Fiduciary funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Agency funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Agency Funds consist of the Special Welfare Fund, Halifax County War Memorial Fund, Heritage Festival Fund, pass-through funds of the Southside Community Services Board Fund and the Undistributed Local Sales tax Fund.
4. Component Unit

The Halifax County School Board has the following funds:

Governmental Funds:

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

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

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

4. Component Unit: (Continued)

Governmental Funds: (Continued)

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

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

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

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

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

F. Cash and Cash Equivalents

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

G. Investments

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

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

H. Receivables and Payables

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

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

H. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$582,117 at June 30, 2014 for property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

I. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Plant, equipment and system	35-45
Motor vehicles	5-10
Equipment	2-15
Infrastructure	25
Buildings	15-40

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

J. Compensated Absences

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

K. Retirement Plan

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

L. Use of Estimates

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

M. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

M. Fund Equity: (Continued)

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

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

N. Long-term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. 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, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Bond Issuance Costs

Bond issuance costs are expensed as incurred.

P. Inventory

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

Q. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

R. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

Note 2—Stewardship, Compliance, and Accounting:

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Expenditures exceeded appropriations in the following funds at June 30, 2014:

- William M. Tuck Airport Fund
- School Cafeteria Fund
- School Capital Projects Fund
- State and Federal Grants Fund
- School Textbook Fund

Note 3—Deposits and Investments:

Deposits

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

Investments

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

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2014 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 1,034,083
State Non-Arbitrage Program	2,751,261
Total	\$ 3,785,344

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 3—Deposits and Investments: (Continued)

External Investment Pools

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

Note 4—Due from Other Governments:

At June 30, 2014, the County has receivables from other governments as follows:

		Component Units	
	Primary Government	School Board	Industrial Development Authority
Component Units:			
Halifax County School Board	\$ 4,027,874	\$ -	\$ -
Halifax County Industrial Development Authority	249,400	-	-
Total due from component units	<u>\$ 4,277,274</u>	<u>\$ -</u>	<u>\$ -</u>
Other Governments:			
Commonwealth of Virginia:			
Local sales tax	\$ 501,763	\$ -	\$ -
Communications tax	196,959	-	-
Shared revenues	28,821	-	-
Shared expenses	215,342	-	-
VPA funds	107,897	-	-
CSA funds	416,197	-	-
State Sales Tax	-	960,955	-
Other state grants	156,950	-	78,138
Federal Government:			
School fund grants	-	1,914,720	-
VPA funds	169,281	-	-
Total due from other governments	<u>\$ 1,793,210</u>	<u>\$ 2,875,675</u>	<u>\$ 78,138</u>
Amounts due to other governments are as follows:			
Other Local Governments:			
Halifax County	<u>\$ -</u>	<u>\$ 4,027,874</u>	<u>\$ 249,400</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2014, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 693,375	\$ -
Virginia Public Assistance	-	693,375
Total	<u>\$ 693,375</u>	<u>\$ 693,375</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 2,379,792
State and Federal Grants	-	-
County Capital Projects	1,104,413	-
Virginia Public Assistance	1,275,379	-
Health Insurance Fund	-	-
Total	<u>\$ 2,379,792</u>	<u>\$ 2,379,792</u>

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Primary Government:</u>				
Capital assets not being depreciated:				
Land	\$ 4,867,598	\$ 213,552	\$ 5,600	\$ 5,075,550
Construction in progress	<u>359,578</u>	<u>1,290,540</u>	<u>261,227</u>	<u>1,388,891</u>
Total capital assets not being depreciated	\$ <u>5,227,176</u>	\$ <u>1,504,092</u>	\$ <u>266,827</u>	\$ <u>6,464,441</u>
Capital assets being depreciated:				
Buildings and systems	\$ 68,002,291	\$ 216,227	\$ 3,001,107	\$ 65,217,411
Machinery and equipment	<u>7,711,746</u>	<u>318,691</u>	<u>306,474</u>	<u>7,723,963</u>
Total capital asset being depreciated	\$ <u>75,714,037</u>	\$ <u>534,918</u>	\$ <u>3,307,581</u>	\$ <u>72,941,374</u>
Accumulated depreciation:				
Buildings and systems	\$ 14,427,280	\$ 1,672,484	\$ 629,004	\$ 15,470,760
Machinery and equipment	<u>7,031,206</u>	<u>277,198</u>	<u>299,145</u>	<u>7,009,259</u>
Total accumulated depreciation	\$ <u>21,458,486</u>	\$ <u>1,949,682</u>	\$ <u>928,149</u>	\$ <u>22,480,019</u>
Capital assets, depreciable, net	\$ <u>54,255,551</u>	\$ <u>(1,414,764)</u>	\$ <u>2,379,432</u>	\$ <u>50,461,355</u>
Net capital assets primary government	\$ <u><u>59,482,727</u></u>	\$ <u><u>89,328</u></u>	\$ <u><u>2,646,259</u></u>	\$ <u><u>56,925,796</u></u>
<u>Component Unit-School Board:</u>				
Capital assets not being depreciated:				
Land	\$ 130,523	\$ -	\$ -	\$ 130,523
Construction in progress	<u>-</u>	<u>380,689</u>	<u>-</u>	<u>380,689</u>
Total capital assets not being depreciated	\$ <u>130,523</u>	\$ <u>380,689</u>	\$ <u>-</u>	\$ <u>511,212</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 9,420,908	\$ -	\$ -	\$ 9,420,908
Buildings and systems	<u>36,076,755</u>	<u>2,851,448</u>	<u>-</u>	<u>38,928,203</u>
Total capital assets being depreciated	\$ <u>45,497,663</u>	\$ <u>2,851,448</u>	\$ <u>-</u>	\$ <u>48,349,111</u>
Accumulated depreciation:				
Machinery and equipment	\$ 7,368,863	\$ 319,835	\$ -	\$ 7,688,698
Buildings and systems	<u>16,657,820</u>	<u>1,433,807</u>	<u>-</u>	<u>18,091,627</u>
Total accumulated depreciation	\$ <u>24,026,683</u>	\$ <u>1,753,642</u>	\$ <u>-</u>	\$ <u>25,780,325</u>
Capital assets, depreciable, net	\$ <u>21,470,980</u>	\$ <u>1,097,806</u>	\$ <u>-</u>	\$ <u>22,568,786</u>
Net capital assets component unit school board	\$ <u><u>21,601,503</u></u>	\$ <u><u>1,478,495</u></u>	\$ <u><u>-</u></u>	\$ <u><u>23,079,998</u></u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	20,439
Public safety		159,553
Public works		592,804
Parks, recreation and cultural		21,070
Community development		-
Subtotal depreciation expense - governmental activities	\$	<u>793,866</u>

Depreciation on joint tenancy assets - school board	\$	<u>1,155,816</u>
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Total Governmental activities	\$	<u><u>1,949,682</u></u>
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Component Unit School Board:

Depreciation expense	\$	2,909,458
Depreciation on joint tenancy assets		<u>(1,155,816)</u>

Total Component Unit School Board	\$	<u><u>1,753,642</u></u>
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Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the Code of Virginia, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Halifax, Virginia for the year ended June 30, 2014, is that school financed assets in the amount of \$46,232,647 are reported in the Primary Government for financial reporting purposes.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

A summary of the long-term obligations' transactions are as follows:

	<u>Balance July 1, 2013</u>	<u>Issuance/ Increases</u>	<u>Retirement/ Decreases</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Incurring by County:					
Compensated absences	\$ 941,745	\$ 42,877	\$ -	\$ 984,622	\$ 98,462
Net OPEB obligation	153,900	50,600	12,600	191,900	-
Landfill postclosure and corrective action costs	1,588,602	22,240	-	1,610,842	-
General obligation bond	489,598	455,000	489,598	455,000	53,000
Revenue bonds	1,368,347	3,448,000	763,347	4,053,000	209,000
Capital leases	323,574	296,506	130,528	489,552	212,584
Note payable	703,098	-	37,016	666,082	38,778
Total incurred by County	\$ <u>5,568,864</u>	\$ <u>4,315,223</u>	\$ <u>1,433,089</u>	\$ <u>8,450,998</u>	\$ <u>611,824</u>
Incurring by School Board:					
State Literary Fund Loans	\$ 5,133,481	\$ -	\$ 466,670	\$ 4,666,811	\$ 466,670
General obligation bonds	<u>43,950,614</u>	<u>-</u>	<u>2,384,778</u>	<u>41,565,836</u>	<u>2,469,799</u>
Total incurred by School Board	\$ 49,084,095	\$ -	\$ 2,851,448	\$ 46,232,647	\$ 2,936,469
Premium on bond issuance	<u>1,107,564</u>	<u>-</u>	<u>145,115</u>	<u>962,449</u>	<u>136,767</u>
Total incurred by School Board- Financial Statement Presentation	\$ <u>50,191,659</u>	\$ <u>-</u>	\$ <u>2,996,563</u>	\$ <u>47,195,096</u>	\$ <u>3,073,236</u>
Total Governmental Activities Obligations	\$ <u><u>55,760,523</u></u>	\$ <u><u>4,315,223</u></u>	\$ <u><u>4,429,652</u></u>	\$ <u><u>55,646,094</u></u>	\$ <u><u>3,685,060</u></u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations							
	General Obligation Bond		Revenue Bonds		Capital Lease		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 53,000	\$ 10,086	\$ 209,000	\$ 139,202	\$ 212,584	\$ 6,691	\$ 38,778	\$ 30,222
2016	54,000	8,442	219,000	126,982	128,003	7,261	40,541	28,547
2017	55,000	7,308	224,000	120,228	73,341	4,636	42,304	26,776
2018	56,000	6,153	235,000	113,232	75,624	2,354	44,066	24,896
2019	58,000	4,977	240,000	105,936	-	-	45,829	22,896
2020	59,000	3,759	250,000	98,296	-	-	48,473	20,774
2021	60,000	2,520	256,000	90,328	-	-	50,236	18,428
2022	60,000	1,260	267,000	82,135	-	-	52,880	15,982
2023	-	-	180,000	73,641	-	-	55,523	13,515
2024	-	-	189,000	66,726	-	-	58,167	10,900
2025	-	-	194,000	59,552	-	-	60,811	8,042
2026	-	-	203,000	52,238	-	-	63,455	4,935
2027	-	-	208,000	44,665	-	-	65,019	1,675
2028	-	-	153,000	38,318	-	-	-	-
2029	-	-	158,000	33,345	-	-	-	-
2030	-	-	163,000	28,210	-	-	-	-
2031	-	-	168,000	22,912	-	-	-	-
2032	-	-	173,000	17,452	-	-	-	-
2033	-	-	179,000	11,830	-	-	-	-
2034	-	-	185,000	6,012	-	-	-	-
Total	\$ 455,000	\$ 44,505	\$ 4,053,000	\$ 1,331,240	\$ 489,552	\$ 20,942	\$ 666,082	\$ 227,588

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Incurred by School Board			
	General Obligation Bonds		State Literary Fund Loans	
	Principal	Interest	Principal	Interest
2015	\$ 2,469,799	\$ 1,955,490	\$ 466,670	\$ 84,003
2016	2,590,344	1,826,456	466,670	74,669
2017	2,711,442	1,691,260	466,670	65,336
2018	2,846,095	1,551,517	466,670	56,003
2019	2,979,485	1,406,661	466,670	56,003
2020	3,118,537	1,254,642	466,670	46,669
2021	3,267,990	1,095,335	466,670	37,336
2022	3,413,489	933,830	466,670	28,002
2023	3,564,581	769,619	466,670	18,669
2024	3,730,870	599,880	466,781	9,336
2025	3,892,866	423,655	-	-
2026	4,065,754	239,408	-	-
2027	2,914,584	72,948	-	-
Total	\$ <u>41,565,836</u>	\$ <u>13,820,701</u>	\$ <u>4,666,811</u>	\$ <u>476,026</u>

Year Ending June 30,	School Board	
	Capital Lease	
	Principal	Interest
2015	\$ 101,068	\$ 10,823
2016	102,797	9,095
2017	104,554	7,337
2018	106,342	5,549
2019	108,161	3,731
2020	110,011	1,881
Total	\$ <u>632,933</u>	\$ <u>38,416</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>Revenue Bonds:</u>	
\$677,000 Public Facilities Lease Revenue Refunding Note, Series 2014 dated April 11, 2014, issued to refund the remaining balance of the \$985,995 Lease Revenue Refunding Bond dated May 8, 2009. The refunding bond is due in varying annual installments through May 2022 with interest payable semi-annually at a rate of 2.1%. The refunding resulted in an economic gain of \$30,000.	\$ 677,000
\$2,771,000 Lease Revenue Refunding Bonds, Series 2014 dated April 11, 2014 due in varying annual principal installments through May 2034 with interest payable semi-annually at a rate of 3.25%.	2,771,000
\$670,000 Lease Revenue Bonds, Series 2011 (Energy Efficiency Improvements) dated April 15, 2011 due in varying annual principal installments through October 2026 with interest payable semi-annually, interest at 2.125% - 5.125%.	<u>605,000</u>
Total Revenue Bonds - Incurred by Primary Government	\$ <u>4,053,000</u>
<u>General Obligation Bond - Incurred by Primary Government:</u>	
\$455,000 General Obligation Refunding Bond dated April 11, 2014, issued to refund the remaining balance of the \$663,075 General Obligation Refunding Bond dated May 8, 2009. The refunding bond is due in varying annual installments through May 2022 with interest payable semi-annually at a rate of 2.1%. The refunding resulted in an economic gain of \$20,000.	\$ <u>455,000</u>
Total General Obligation Bond - Incurred by Primary Government	\$ <u>455,000</u>
<u>General Obligation Bonds - Incurred by School Board:</u>	
\$16,615,000 School Bonds, issued November 10, 2005, through the Virginia Public School Authority, due in varying annual installments each July 15 through 2025, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	\$ 11,860,000
\$31,030,000 School Bonds, issued May 11, 2006, through Virginia Public School Authority, due in varying annual installments each July 15 through fiscal year 2027, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	23,450,000

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Incurred by School Board: (Continued)</u>	
\$8,920,992 School Bonds, issued November 9, 2006, through the Virginia Public School Authority due in varying annual installments each July 15 through 2026, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	\$ 6,255,836
Premium on bonds issued	962,449
Total General Obligation Bonds - Incurred by School Board	\$ <u>42,528,285</u>
<u>State Literary Fund Loans:</u>	
\$2,500,000, authorized, due in annual principal installments of \$466,670 over 20 years, interest payable annually at 2%. Amount drawn to date.	\$ 1,130,209
\$4,000,000, authorized, due in annual principal installments of \$183,655 over 20 years, interest payable annually at 2%. Amount drawn to date.	1,836,557
\$3,500,000, authorized, due in annual principal installments of \$170,003 over 20 years, interest payable annually at 2%. Amount drawn to date.	1,700,045
Total State Literary Fund Loans	\$ <u>4,666,811</u>
<u>Capital Lease:</u>	
\$2,200,000 Equipment Lease Purchase Agreement dated November 21, 2001, secured by equipment due in monthly installments of \$22,400 through November 21, 2011, includes interest at 4.12%.	\$ 193,046
\$296,506 Equipment Lease Purchase Agreement dated June, secured by equipment due in monthly installments of \$22,400 through August 15, 2017, includes interest at 3.112%.	296,506
Total Capital Leases	\$ <u>489,552</u>
<u>Note Payable:</u>	
\$900,000 note payable to the Town of South Boston for the Prizery renovations. The note is due in varying annual payments with interest at a rate of 1.94%. Principal and interest payable through fiscal year 2027.	\$ 666,082
Compensated absences	\$ 984,622
Net OPEB obligation	\$ 191,900
Landfill postclosure and corrective action costs	\$ 1,610,842
Total long-term obligations	\$ <u><u>55,646,094</u></u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Units: (Continued)

The following is a summary of long-term debt transactions of the Component Units for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Issuance/ Increases</u>	<u>Retirement/ Decreases</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
<u>Component Unit—School Board:</u>					
Compensated absences	\$ 941,199	\$ -	\$ 65,003	\$ 876,196	\$ 87,620
Capital lease	744,118	-	111,185	632,933	101,068
Net pension obligation	91,145	92,038	-	183,183	-
Net OPEB obligation	<u>96,300</u>	<u>305,400</u>	<u>264,900</u>	<u>136,800</u>	<u>-</u>
Total long-term obligations	\$ <u><u>1,872,762</u></u>	\$ <u><u>397,438</u></u>	\$ <u><u>441,088</u></u>	\$ <u><u>1,829,112</u></u>	\$ <u><u>188,688</u></u>

Capital Lease Obligations:

\$744,118 Equipment Lease Purchase Agreement dated June 25, 2013, secured by equipment due in annual installments of \$111,891 through July 2019, includes interest at 1.71%.

	<u>Balance July 1, 2013</u>	<u>Issuance/ Increases</u>	<u>Retirement/ Decreases</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<u>Component Unit—Library:</u>					
Net OPEB obligation	\$ <u>3,900</u>	\$ <u>1,100</u>	\$ -	\$ <u>5,000</u>	\$ -
Total long-term obligations	\$ <u><u>3,900</u></u>	\$ <u><u>1,100</u></u>	\$ -	\$ <u><u>5,000</u></u>	\$ -

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 9—Landfill Postclosure Costs:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a liability for a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. Closure of the County's landfill site is complete. The \$1,224,785 reported as landfill postclosure care liability, and corrective action liability of \$378,954 at June 30, 2014, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care and corrective action in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. Additionally, the County reports closure care liability in the amount of \$7,103, the estimated liability for the transfer station. The County intends to fund these costs from tipping fee revenues and from any fund accumulated for this purpose, including available bond issue proceeds in the County Capital Projects Fund. The County provides for financial assurance requirements for closure and postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code.

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

Note 10—Deferred Inflows of Resources:

Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Deferred inflows of resources from unavailable property taxes is comprised of the following:

Primary Government - Deferred Inflows of Resources

General fund:

Delinquent taxes not collected within 60 days	\$ 2,705,171
Prepaid property taxes - property taxes paid in advance	1,279,382
2nd half property tax assessments	15,522,790
Total deferred inflows of resources - governmental funds (Exhibit 3)	<u>\$ 19,507,343</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 11—Commitments and Contingencies:

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

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.

As of June 30, 2014 the County and School Board had the following commitments:

<u>Project</u>	<u>Amount of Contract Outstanding</u>
High School roof replacement	75,211
STEM Center renovation	247,170
Sheriffs Office renovation	719,871

Note 12—Litigation:

At June 30, 2014, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 13—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. The Component Unit - School Board, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14—Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer 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. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- 14. Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

- 4. Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
- 5. Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
- 6. Vesting** - Same as VRS Plan 1—Refer to Section 6.
- 7. Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
- 8. Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- 9. Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 2 (CONTINUED)

10. Normal Retirement Age - Normal Social Security retirement age.

11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

14. Eligibility - Same as VRS Plan 1—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1—Refer to Section 15.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Same as VRS Plan 1—Refer to Section 17.

HYBRID RETIREMENT PLAN

1. Plan Overview - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

1. Plan Overview: (Continued)

- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

2. Eligible Members - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- School division employees
- Political subdivision employees*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. **Vesting**

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. Average Final Compensation - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

Note 14—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. 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's and School Board's contribution rates for the fiscal year ended 2014 were 10.84% and 10.43% (nonprofessional employees) of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$3,189,674, \$3,197,699, and \$1,744,293, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 14—Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of \$829,532 was equal to the County's required and actual contributions.

Three-Year Trend Information for County - Primary Government			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 567,252	100%	\$ -
June 30, 2013	799,065	100%	-
June 30, 2014	829,532	100%	-

(1) Employer portion only

For fiscal year 2014, School Board's annual pension cost for nonprofessional employees of \$311,641 was less than the School Board's required and actual contributions by \$92,038.

School Board - Discretely Presented Component Unit			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 218,197	100%	\$ -
June 30, 2013	421,059	78%	91,145
June 30, 2014	309,664	70%	183,183

(1) Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, 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 for Plan 1 employees and 2.25% for Plan 2 employees. 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's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 85.06% funded. The actuarial accrued liability for benefits was \$32,899,966, and the actuarial value of assets was \$27,985,008, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,914,958. The covered payroll (annual payroll of active employees covered by the plan) was \$7,534,762 and ratio of the UAAL to the covered payroll was 65.23%.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 14—Pension Plan: (Continued)

D. Funding Status and Progress: (Continued)

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 78.35% funded. The actuarial accrued liability for benefits was \$13,314,401, and the actuarial value of assets was \$10,432,413, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,881,988. The covered payroll (annual payroll of active employees covered by the plan) was \$2,934,210 and ratio of the UAAL to the covered payroll was 98.22%.

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

Note 16—Other Postemployment Benefits—Health Insurance:

Background

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 16—Other Postemployment Benefits—Health Insurance: (Continued)

A. Plan Description

In addition to the pension benefits described in Note 14, the County, including the discretely presented component units, provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits through a single-employer plan. Retired employees, who are participating in the County's medical coverage are eligible to elect post-retirement coverage if the retiree was employed before July 1, 2010 and is at least age 55 with at least 5 years of service; age 50 with at least 10 years of service; or has at least 30 years of service and retirees employed after July 1, 2010 is at least 60 years of age with 5 years of service. Retirees are eligible to remain on the County's medical plan with 100% of the premium paid by the retiree. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees' coverage ceases at eligibility for Medicare. The Plan does not issue separately audited financial statements.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits for the County, School Board, and Library was \$50,600, \$305,400, \$1,100, respectively, for fiscal year 2014. The County and component units have paid \$12,600, \$264,900, and \$0, respectively towards this obligation during the fiscal year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retirees by the County. The following table shows the components of the County's and component units' (excluding IDA) annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the net OPEB obligation.

	County	School Board	Regional Library
Annual required contribution	\$ 50,500	\$ 305,600	\$ 1,100
Interest on net OPEB obligation	6,600	4,000	100
Adjustment to annual required contribution	(6,500)	(4,200)	(100)
Annual OPEB cost (expense)	\$ 50,600	\$ 305,400	\$ 1,100
Estimated contributions made	(12,600)	(264,900)	-
Increase in net OPEB obligation	\$ 38,000	\$ 40,500	\$ 1,100
Net OPEB obligation, beginning of year	153,900	96,300	3,900
Net OPEB obligation, end of year	\$ 191,900	\$ 136,800	\$ 5,000

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 16—Other Postemployment Benefits—Health Insurance: (Continued)

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

For 2014, the County School Board's, and Library's expected cash payments of \$12,600, \$264,900, and \$0, respectively were \$38,000, \$40,500, and \$1,100 less than the OPEB cost, respectively. The County's and component units' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 are as follows:

County:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 54,900	42%	\$ 112,400
June 30, 2013	47,700	13%	153,900
June 30, 2014	50,600	25%	191,900

School Board:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 299,800	115%	\$ 34,300
June 30, 2013	299,300	79%	96,300
June 30, 2014	305,400	87%	136,800

Regional Library:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 3,000	93%	\$ 2,900
June 30, 2013	1,000	0%	3,900
June 30, 2014	1,100	0%	5,000

Note 16—Other Postemployment Benefits—Health Insurance: (Continued)**D. Funded Status and Funding Progress: (Continued)**

The funded status of the plan as of June 30, 2014 (based on the July 1, 2012 valuation) is as follows:

	<u>County</u>	<u>School Board</u>	<u>Regional Library</u>
Actuarial accrued liability (AAL)	\$ 396,100	\$ 3,336,200	\$ 7,700
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	396,100	3,336,200	7,700
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. In the July 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

E. Actuarial Methods and Assumptions

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

In the July 1, 2012, the most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return and an annual healthcare cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012 was 30 years.

Note 16—Other Postemployment Benefits—Health Insurance: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

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

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

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

Assumptions

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

VRS Health Insurance Credit Program

A. Plan Description

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 16—Other Postemployment Benefits—Health Insurance: (Continued)

VRS Health Insurance Credit Program: (Continued)

A. Plan Description: (Continued)

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

B. Funding Policy

As a participating local political subdivision, the County and School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County and School Board's nonprofessional contribution rate for the fiscal year ended June 30, 2014 was .07 and .70%, respectively, of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, is based on the annual required contribution (ARC). The County and School Board are required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2014, the County and School Board's contribution of \$5,124 and \$20,811, respectively, was equal to the ARC and OPEB cost. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

	<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
County:				
	June 30, 2014	\$ 5,124	100%	\$ -
	June 30, 2013	10,062	100%	-
	June 30, 2012	9,354	100%	-
School Board (nonprofessional):				
	June 30, 2014	\$ 20,811	100%	\$ -
	June 30, 2013	37,407	100%	-
	June 30, 2012	20,837	100%	-

Note 16—Other Postemployment Benefits—Health Insurance: (Continued)**VRS Health Insurance Credit Program: (Continued)****D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 160,658	\$ 370,780
Actuarial value of plan assets	97,599	120,246
Unfunded actuarial accrued liability (UAAL)	63,059	250,534
Funded Ratio (actuarial value of plan assets / AAL)	60.75%	32.43%
Covered payroll (active plan members)	3,846,475	2,934,210
UAAL as a percentage of covered payroll	1.64%	8.54%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2013 was 30 years.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 16—Other Postemployment Benefits—Health Insurance: (Continued)

VRS Health Insurance Credit Program: (Continued)

F. Professional Employees - Discretely Presented Component Unit School Board

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2014, 2013 and 2012 was \$304,817, \$304,412 and \$165,336, respectively, and equaled the required contributions for each year.

Note 17—Restricted Cash:

Cash is temporarily restricted for the following purposes:

Asset forfeiture	\$ 109,503
Unexpended debt proceeds	2,646,443

Note 18—Upcoming GASB Pronouncements:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

Required Supplementary Information

Note to Required Supplementary Information:

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

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 23,480,000	\$ 23,480,000	\$ 24,894,828	\$ 1,414,828
Other local taxes	6,689,000	6,701,110	6,583,756	(117,354)
Permits, privilege fees, and regulatory licenses	171,000	181,127	185,344	4,217
Fines and forfeitures	60,000	60,000	73,681	13,681
Revenue from the use of money and property	228,443	264,852	270,226	5,374
Charges for services	409,217	409,872	447,483	37,611
Miscellaneous	343,000	368,376	214,769	(153,607)
Recovered costs	405,974	654,610	739,564	84,954
Intergovernmental:				
Commonwealth	5,776,156	6,010,883	5,990,944	(19,939)
Federal	40,000	40,000	65,843	25,843
Total revenues	\$ 37,602,790	\$ 38,170,830	\$ 39,466,438	\$ 1,295,608
EXPENDITURES				
Current:				
General government administration	\$ 2,308,415	\$ 2,331,005	\$ 2,233,023	\$ 97,982
Judicial administration	1,550,172	1,749,932	1,576,377	173,555
Public safety	7,181,337	7,454,114	7,274,293	179,821
Public works	3,476,862	3,487,710	3,080,549	407,161
Health and welfare	328,649	328,649	374,274	(45,625)
Education	13,497,914	13,497,914	13,588,053	(90,139)
Parks, recreation, and cultural	423,604	431,995	432,560	(565)
Community development	1,425,052	1,411,310	1,381,264	30,046
Nondepartmental	139,381	139,381	131,883	7,498
Debt service:				
Principal retirement	3,145,340	3,145,340	3,145,340	-
Interest and other fiscal charges	2,348,341	1,518,042	1,499,289	18,753
Total expenditures	\$ 35,825,067	\$ 35,495,392	\$ 34,716,905	\$ 778,487
Excess (deficiency) of revenues over (under) expenditures	\$ 1,777,723	\$ 2,675,438	\$ 4,749,533	\$ 2,074,095
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,777,723)	\$ (3,518,389)	\$ (2,379,792)	\$ 1,138,597
Issuance of capital lease	-	-	296,506	296,506
Issuance of refunding lease revenue bonds	-	-	677,000	677,000
Issuance of refunding general obligation bonds	-	-	455,000	455,000
Payments to refunding bond escrow agent	-	-	(1,101,596)	(1,101,596)
Total other financing sources (uses)	\$ (1,777,723)	\$ (3,518,389)	\$ (2,052,882)	\$ 1,465,507
Net change in fund balances	\$ -	\$ (842,951)	\$ 2,696,651	\$ 3,539,602
Fund balances - beginning	-	842,951	13,362,390	12,519,439
Fund balances - ending	\$ -	\$ -	\$ 16,059,041	\$ 16,059,041

Virginia Public Assistance Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 12,793	\$ 53,583	\$ 40,790
Intergovernmental:				
Commonwealth	5,285,882	5,304,582	2,883,788	(2,420,794)
Federal	-	-	2,157,694	2,157,694
Total revenues	<u>\$ 5,285,882</u>	<u>\$ 5,317,375</u>	<u>\$ 5,095,065</u>	<u>\$ (222,310)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 6,734,558	\$ 6,916,051	\$ 6,370,444	\$ 545,607
Total expenditures	<u>\$ 6,734,558</u>	<u>\$ 6,916,051</u>	<u>\$ 6,370,444</u>	<u>\$ 545,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,448,676)</u>	<u>\$ (1,598,676)</u>	<u>\$ (1,275,379)</u>	<u>\$ 323,297</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,448,676	\$ 1,598,676	\$ 1,275,379	\$ (323,297)
Total other financing sources (uses)	<u>\$ 1,448,676</u>	<u>\$ 1,598,676</u>	<u>\$ 1,275,379</u>	<u>\$ (323,297)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Schedule of Pension Funding Progress - Virginia Retirement System

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 27,985,008	\$ 32,899,966	\$ 4,914,958	85.06%	\$ 7,534,762	65.23%
6/30/2012	26,882,902	33,608,699	6,725,797	79.99%	7,160,013	93.94%
6/30/2011	26,804,954	32,304,129	5,499,175	82.98%	7,452,618	73.79%

School Board Non-Professionals:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 10,432,413	\$ 13,314,401	\$ 2,881,988	78.35%	\$ 2,934,210	98.22%
6/30/2012	10,465,209	13,693,480	3,228,271	76.42%	3,090,616	104.45%
6/30/2011	10,639,148	13,186,527	2,547,379	80.68%	3,054,679	83.39%

Schedule of OPEB Funding Progress

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 411,100	\$ 411,100	0.00%	\$ n/a	n/a
7/1/2010	-	395,000	395,000	0.00%	n/a	n/a
7/1/2012	-	438,000	438,000	0.00%	n/a	n/a

School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 2,632,600	\$ 2,632,600	0.00%	\$ n/a	n/a
7/1/2010	-	3,704,300	3,704,300	0.00%	n/a	n/a
7/1/2012	-	3,394,400	3,394,400	0.00%	n/a	n/a

Regional Library:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 11,400	\$ 11,400	0.00%	\$ n/a	n/a
7/1/2010	-	40,000	40,000	0.00%	n/a	n/a
7/1/2012	-	8,800	8,800	0.00%	n/a	n/a

County - VRS Health Insurance Credit Program:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 98,269	\$ 167,604	\$ 69,335	58.63%	\$ 3,281,825	2.11%
6/30/2012	93,754	160,723	66,969	58.33%	3,276,279	2.04%
6/30/2013	97,599	160,658	63,059	60.75%	3,846,475	1.64%

School Board - VRS Health Insurance Credit Program:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 118,477	\$ 363,438	\$ 244,961	32.60%	\$ 3,054,679	8.02%
6/30/2012	114,209	371,903	257,694	30.71%	3,090,616	8.34%
6/30/2013	120,246	370,780	250,534	32.43%	2,934,210	8.54%

Other Supplementary Information

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2014

	County Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 878	\$ 878
Total revenues	\$ -	\$ -	\$ 878	\$ 878
EXPENDITURES				
Capital projects	\$ 325,060	\$ 4,709,344	\$ 1,251,718	\$ 3,457,626
Total expenditures	\$ 325,060	\$ 4,709,344	\$ 1,251,718	\$ 3,457,626
Excess (deficiency) of revenues over (under) expenditures	\$ (325,060)	\$ (4,709,344)	\$ (1,250,840)	\$ 3,458,504
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 325,060	\$ 1,708,436	\$ 1,104,413	\$ (604,023)
Issuance of lease revenue bonds	-	2,801,019	2,771,000	(30,019)
Total other financing sources (uses)	\$ 325,060	\$ 4,509,455	\$ 3,875,413	\$ (634,042)
Net change in fund balances	\$ -	\$ (199,889)	\$ 2,624,573	\$ 2,824,462
Fund balances - beginning	-	199,889	-	(199,889)
Fund balances - ending	\$ -	\$ -	\$ 2,624,573	\$ 2,624,573

Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 910,425	\$ 910,425
Total assets	\$ <u>910,425</u>	\$ <u>910,425</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	\$ <u>-</u>	\$ <u>-</u>
Fund balances:		
Committed:		
Future projects/grant matching	\$ 435,779	\$ 435,779
Airport operations	474,646	474,646
Total fund balances	\$ <u>910,425</u>	\$ <u>910,425</u>
Total liabilities and fund balances	\$ <u>910,425</u>	\$ <u>910,425</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Revenue from the use of money and property	\$ 72,700	\$ 72,700
Miscellaneous	31,500	31,500
Intergovernmental:		
Commonwealth	602,260	602,260
Federal	661,944	661,944
Total revenues	\$ <u>1,368,404</u>	\$ <u>1,368,404</u>
EXPENDITURES		
Current:		
Judicial administration	\$ 77,820	\$ 77,820
Public safety	520,363	520,363
Parks, recreation, and cultural	10,000	10,000
Community development	709,516	709,516
Capital projects	16,006	16,006
Total expenditures	\$ <u>1,333,705</u>	\$ <u>1,333,705</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>34,699</u>	\$ <u>34,699</u>
Net change in fund balances	\$ 34,699	\$ 34,699
Fund balances - beginning	875,726	875,726
Fund balances - ending	\$ <u><u>910,425</u></u>	\$ <u><u>910,425</u></u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
ASSETS			
Cash and cash equivalents	\$ 435,779	\$ 474,646	\$ 910,425
Total assets	<u>\$ 435,779</u>	<u>\$ 474,646</u>	<u>\$ 910,425</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Committed:			
Future projects/grant matching	\$ 435,779	\$ -	\$ 435,779
Airport operations	-	474,646	474,646
Total fund balances	<u>\$ 435,779</u>	<u>\$ 474,646</u>	<u>\$ 910,425</u>
Total liabilities and fund balances	<u>\$ 435,779</u>	<u>\$ 474,646</u>	<u>\$ 910,425</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
REVENUES			
Revenue from the use of money and property	\$ -	\$ 72,700	\$ 72,700
Miscellaneous	31,500	-	31,500
Intergovernmental:			
Commonwealth	580,563	21,697	602,260
Federal	633,856	28,088	661,944
Total revenues	\$ 1,245,919	\$ 122,485	\$ 1,368,404
EXPENDITURES			
Current:			
Judicial administration	\$ 77,820	\$ -	\$ 77,820
Public safety	520,363	-	520,363
Parks, recreation, and cultural	10,000	-	10,000
Community development	634,762	74,754	709,516
Capital projects	-	16,006	16,006
Total expenditures	\$ 1,242,945	\$ 90,760	\$ 1,333,705
Excess (deficiency) of revenues over (under) expenditures	\$ 2,974	\$ 31,725	\$ 34,699
Net change in fund balances	\$ 2,974	\$ 31,725	\$ 34,699
Fund balances - beginning	432,805	442,921	875,726
Fund balances - ending	\$ 435,779	\$ 474,646	\$ 910,425

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	State and Federal Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	31,500	31,500
Intergovernmental:				
Commonwealth	566,728	570,394	580,563	10,169
Federal	-	616,059	633,856	17,797
Total revenues	\$ 566,728	\$ 1,186,453	\$ 1,245,919	\$ 59,466
EXPENDITURES				
Current:				
Judicial administration	\$ 55,774	\$ 56,028	\$ 77,820	\$ (21,792)
Public safety	490,954	501,768	520,363	(18,595)
Parks, recreation, and cultural	10,000	10,000	10,000	-
Community development	13,987	630,045	634,762	(4,717)
Capital projects	-	-	-	-
Total expenditures	\$ 570,715	\$ 1,197,841	\$ 1,242,945	\$ (45,104)
Excess (deficiency) of revenues over (under) expenditures	\$ (3,987)	\$ (11,388)	\$ 2,974	\$ 14,362
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,987	\$ 11,388	\$ -	\$ (11,388)
Total other financing sources (uses)	\$ 3,987	\$ 11,388	\$ -	\$ (11,388)
Net change in fund balances	\$ -	\$ -	\$ 2,974	\$ 2,974
Fund balances - beginning	-	-	432,805	432,805
Fund balances - ending	\$ -	\$ -	\$ 435,779	\$ 435,779

William M. Tuck Airport Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ 60,000	\$ 60,000	\$ 72,700	\$ 12,700	
-	-	-	-	
-	-	21,697	21,697	
-	-	28,088	28,088	
\$ 60,000	\$ 60,000	\$ 122,485	\$ 62,485	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
60,000	60,000	74,754	(14,754)	
-	-	16,006	(16,006)	
\$ 60,000	\$ 60,000	\$ 90,760	\$ (30,760)	
\$ -	\$ -	\$ 31,725	\$ 31,725	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ 31,725	\$ 31,725	
-	-	442,921	442,921	
\$ -	\$ -	\$ 474,646	\$ 474,646	

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	Agency Funds			
	Special Welfare	Halifax County War Memorial	Heritage Festival	Total
ASSETS				
Cash and cash equivalents	\$ 37,876	\$ 14,043	\$ 101,858	\$ 153,777
LIABILITIES				
Accrued liabilities	\$ -	\$ 14,043	\$ -	\$ 14,043
Amounts held for social services clients	37,876	-	-	37,876
Amounts held for other organizations	-	-	101,858	101,858
Total liabilities	\$ 37,876	\$ 14,043	\$ 101,858	\$ 153,777

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ <u>31,635</u>	\$ <u>103,254</u>	\$ <u>97,013</u>	\$ <u>37,876</u>
Liabilities:				
Amounts held for social service clients	\$ <u>31,635</u>	\$ <u>103,254</u>	\$ <u>97,013</u>	\$ <u>37,876</u>
Heritage Festival:				
Assets:				
Cash and cash equivalents	\$ <u>82,137</u>	\$ <u>53,441</u>	\$ <u>33,720</u>	\$ <u>101,858</u>
Liabilities:				
Amounts held for other organizations	\$ <u>82,137</u>	\$ <u>53,441</u>	\$ <u>33,720</u>	\$ <u>101,858</u>
Halifax County War Memorial:				
Assets:				
Cash and cash equivalents	\$ <u>14,493</u>	\$ <u>-</u>	\$ <u>450</u>	\$ <u>14,043</u>
Liabilities:				
Accrued liabilities	\$ <u>14,493</u>	\$ <u>-</u>	\$ <u>450</u>	\$ <u>14,043</u>
Southside Community Services Board:				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>3,141,504</u>	\$ <u>3,141,504</u>	\$ <u>-</u>
Liabilities:				
Amounts held for other organizations	\$ <u>-</u>	\$ <u>3,141,504</u>	\$ <u>3,141,504</u>	\$ <u>-</u>
Undistributed Local Sales Tax Fund:				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>457,561</u>	\$ <u>457,561</u>	\$ <u>-</u>
Liabilities:				
Amounts held for other organizations	\$ <u>-</u>	\$ <u>457,561</u>	\$ <u>457,561</u>	\$ <u>-</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>128,265</u>	\$ <u>3,755,760</u>	\$ <u>3,730,248</u>	\$ <u>153,777</u>
Liabilities:				
Amounts held for social service clients	\$ <u>31,635</u>	\$ <u>103,254</u>	\$ <u>97,013</u>	\$ <u>37,876</u>
Accrued liabilities	<u>14,493</u>	<u>-</u>	<u>450</u>	<u>14,043</u>
Amounts held for other organizations	<u>82,137</u>	<u>3,652,506</u>	<u>3,632,785</u>	<u>101,858</u>
Total liabilities	\$ <u>128,265</u>	\$ <u>3,755,760</u>	\$ <u>3,730,248</u>	\$ <u>153,777</u>

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2014

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,455,123	\$ 890,516	\$ 771,069	\$ 6,116,708
Receivables (net of allowance for uncollectibles):				
Accounts receivable	753,055	-	-	753,055
Due from other governmental units	2,860,388	-	15,287	2,875,675
Inventories	-	-	-	-
Prepaid items	477,361	-	-	477,361
Total assets	<u>\$ 8,545,927</u>	<u>\$ 890,516</u>	<u>\$ 786,356</u>	<u>\$ 10,222,799</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 62,932	\$ 380,689	\$ -	\$ 443,621
Accrued liabilities	4,455,121	-	148,940	4,604,061
Due to primary government	4,027,874	-	-	4,027,874
Total liabilities	<u>\$ 8,545,927</u>	<u>\$ 380,689</u>	<u>\$ 148,940</u>	<u>\$ 9,075,556</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 477,361	\$ -	\$ -	\$ 477,361
Committed:				
Education - major capital projects	-	509,827	-	509,827
Education - food service	-	-	74,239	74,239
Education - textbooks	-	-	563,177	563,177
Unassigned	(477,361)	-	-	(477,361)
Total fund balances	<u>\$ -</u>	<u>\$ 509,827</u>	<u>\$ 637,416</u>	<u>\$ 1,147,243</u>
Total liabilities and fund balances	<u>\$ 8,545,927</u>	<u>\$ 890,516</u>	<u>\$ 786,356</u>	<u>\$ 10,222,799</u>

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

Total fund balances per above \$ 1,147,243

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

Capital assets	\$ 48,860,323	
Accumulated depreciation	<u>(25,780,325)</u>	23,079,998

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

Net OPEB obligation	(136,800)	
Net pension obligation	(183,183)	
Capital lease	(632,933)	
Compensated absences	<u>(876,196)</u>	(1,829,112)

Net position of governmental activities \$ 22,398,129

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Charges for services	\$ -	\$ -	\$ 711,664	\$ 711,664
Miscellaneous	1,645,887	-	-	1,645,887
Intergovernmental:				
Local government	13,467,668	-	-	13,467,668
Commonwealth	33,726,741	-	41,394	33,768,135
Federal	3,996,269	-	1,883,554	5,879,823
Total revenues	<u>\$ 52,836,565</u>	<u>\$ -</u>	<u>\$ 2,636,612</u>	<u>\$ 55,473,177</u>
EXPENDITURES				
Current:				
Education	\$ 51,907,082	\$ -	\$ 3,146,506	\$ 55,053,588
Capital projects	-	669,944	-	669,944
Debt service:				
Principal retirement	136,185	-	-	136,185
Interest and other fiscal charges	3,766	-	-	3,766
Total expenditures	<u>\$ 52,047,033</u>	<u>\$ 669,944</u>	<u>\$ 3,146,506</u>	<u>\$ 55,863,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 789,532</u>	<u>\$ (669,944)</u>	<u>\$ (509,894)</u>	<u>\$ (390,306)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 789,532	\$ 789,532
Transfers out	(789,532)	-	-	(789,532)
Total other financing sources (uses)	<u>\$ (789,532)</u>	<u>\$ -</u>	<u>\$ 789,532</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (669,944)	\$ 279,638	\$ (390,306)
Fund balances - beginning	-	1,179,771	357,778	1,537,549
Fund balances - ending	<u>\$ -</u>	<u>\$ 509,827</u>	<u>\$ 637,416</u>	<u>\$ 1,147,243</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 \$ (390,306)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 380,689	
Net transfer of joint tenancy assets	3,464,510	
Depreciation expense	(2,366,704)	1,478,495

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 net OPEB obligation	\$ (40,500)	
(Increase) decrease in net pension obligation	(92,038)	
(Increase) decrease in capital lease	111,185	
(Increase) decrease in compensated absences	65,003	43,650

Change in net assets of governmental activities \$ 1,131,839

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 1,889,000	\$ 1,889,000	\$ 1,645,887	\$ (243,113)
Intergovernmental:				
Local government	13,377,529	13,377,529	13,467,668	90,139
Commonwealth	33,384,473	33,384,473	33,726,741	342,268
Federal	5,574,157	5,574,157	3,996,269	(1,577,888)
Total revenues	<u>\$ 54,225,159</u>	<u>\$ 54,225,159</u>	<u>\$ 52,836,565</u>	<u>\$ (1,388,594)</u>
EXPENDITURES				
Current:				
Education	\$ 54,184,507	\$ 54,184,507	\$ 51,907,082	\$ 2,277,425
Capital projects	-	-	-	-
Debt service:				
Principal retirement	30,000	30,000	136,185	(106,185)
Interest and other fiscal charges	10,652	10,652	3,766	6,886
Total expenditures	<u>\$ 54,225,159</u>	<u>\$ 54,225,159</u>	<u>\$ 52,047,033</u>	<u>\$ 2,178,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 789,532</u>	<u>\$ 789,532</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (789,532)</u>	<u>\$ (789,532)</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (789,532)</u>	<u>\$ (789,532)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Capital Projects Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ -	\$	-
-	-	-		-
-	-	-		-
-	-	-		-
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ -	\$	-
-	-	669,944		(669,944)
-	-	-		-
-	-	-		-
\$ -	\$ -	\$ 669,944	\$	(669,944)
\$ -	\$ -	\$ (669,944)	\$	(669,944)
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ (669,944)	\$	(669,944)
-	-	1,179,771		1,179,771
\$ -	\$ -	\$ 509,827	\$	509,827

Combining Balance Sheet

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

June 30, 2014

	School Cafeteria Fund	School Textbook Fund	Total
ASSETS			
Cash and cash equivalents	\$ 201,093	\$ 569,976	\$ 771,069
Due from other governmental units	15,287	-	15,287
Total assets	<u>\$ 216,380</u>	<u>\$ 569,976</u>	<u>\$ 786,356</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued liabilities	\$ 142,141	\$ 6,799	\$ 148,940
Total liabilities	<u>\$ 142,141</u>	<u>\$ 6,799</u>	<u>\$ 148,940</u>
Fund balances:			
Committed:			
Education - food service	\$ 74,239	\$ -	\$ 74,239
Education - textbooks	-	563,177	563,177
Total fund balances	<u>\$ 74,239</u>	<u>\$ 563,177</u>	<u>\$ 637,416</u>
Total liabilities and fund balances	<u>\$ 216,380</u>	<u>\$ 569,976</u>	<u>\$ 786,356</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Cafeteria Fund	School Textbook Fund	Total
REVENUES			
Charges for services	\$ 687,907	\$ 23,757	\$ 711,664
Intergovernmental:			
Commonwealth	41,394	-	41,394
Federal	1,883,554	-	1,883,554
Total revenues	\$ 2,612,855	\$ 23,757	\$ 2,636,612
EXPENDITURES			
Current:			
Education	\$ 2,873,790	\$ 272,716	\$ 3,146,506
Total expenditures	\$ 2,873,790	\$ 272,716	\$ 3,146,506
Excess (deficiency) of revenues over (under) expenditures	\$ (260,935)	\$ (248,959)	\$ (509,894)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 140,000	\$ 649,532	\$ 789,532
Total other financing sources (uses)	\$ 140,000	\$ 649,532	\$ 789,532
Net change in fund balances	\$ (120,935)	\$ 400,573	\$ 279,638
Fund balances - beginning	195,174	162,604	357,778
Fund balances - ending	\$ 74,239	\$ 563,177	\$ 637,416

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 850,000	\$ 850,000	\$ 687,907	\$ (162,093)
Intergovernmental:				
Commonwealth	-	-	41,394	41,394
Federal	2,000,000	2,000,000	1,883,554	(116,446)
Total revenues	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 2,612,855</u>	<u>\$ (237,145)</u>
EXPENDITURES				
Current:				
Education	\$ 2,850,000	\$ 2,850,000	\$ 2,873,790	\$ (23,790)
Total expenditures	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 2,873,790</u>	<u>\$ (23,790)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (260,935)</u>	<u>\$ (260,935)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 140,000	\$ 140,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>
Net change in fund balances	\$ -	\$ -	\$ (120,935)	\$ (120,935)
Fund balances - beginning	-	-	195,174	195,174
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,239</u>	<u>\$ 74,239</u>

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 23,757	\$ 23,757
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 23,757	\$ 23,757
\$ -	\$ -	\$ 272,716	\$ (272,716)
\$ -	\$ -	\$ 272,716	\$ (272,716)
\$ -	\$ -	\$ (248,959)	\$ (248,959)
\$ -	\$ -	\$ 649,532	\$ 649,532
\$ -	\$ -	\$ 649,532	\$ 649,532
\$ -	\$ -	\$ 400,573	\$ 400,573
		162,604	162,604
\$ -	\$ -	\$ 563,177	\$ 563,177

Balance Sheet

Discretely Presented Component Unit - Regional Library

June 30, 2014

	<u>Regional Library</u>
ASSETS	
Cash and cash equivalents	\$ 37,290
Total assets	<u>\$ 37,290</u>
FUND BALANCES	
Fund balance:	
Assigned	
Library operations	\$ 37,290
Total fund balances	<u>\$ 37,290</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 37,290
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,000)</u>
Net position of governmental activities	<u>\$ 32,290</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit - Regional Library
For the Year Ended June 30, 2014

	<u>Regional Library</u>
REVENUES	
Charges for services	\$ 34,744
Miscellaneous	23,896
Intergovernmental:	
Local government	262,000
Commonwealth	101,783
Total revenues	<u>\$ 422,423</u>
EXPENDITURES	
Current:	
Parks, recreation, and cultural	\$ 391,679
Total expenditures	<u>\$ 391,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,744</u>
Net change in fund balances	\$ 30,744
Fund balances - beginning	6,546
Fund balances - ending	<u>\$ 37,290</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	\$ 30,744
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(1,100)</u>
Change in net position of governmental activities	<u>\$ 29,644</u>

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,500,000	\$ 11,500,000	\$ 12,046,201	\$ 546,201
Real and personal public service corporation taxes	4,100,000	4,100,000	4,499,388	399,388
Personal property taxes	5,850,000	5,850,000	6,141,203	291,203
Mobile home taxes	60,000	60,000	48,254	(11,746)
Machinery and tools taxes	1,350,000	1,350,000	1,338,566	(11,434)
Penalties and administrative fees	370,000	370,000	512,521	142,521
Interest	250,000	250,000	308,695	58,695
Total general property taxes	\$ 23,480,000	\$ 23,480,000	\$ 24,894,828	\$ 1,414,828
Other local taxes:				
Local sales and use taxes	\$ 3,000,000	\$ 3,000,000	\$ 2,962,593	\$ (37,407)
Consumers' utility taxes	900,000	900,000	885,771	(14,229)
Utility consumption tax	105,000	105,000	125,251	20,251
Business license taxes	384,000	384,000	298,615	(85,385)
Utility license taxes	63,000	63,000	48,134	(14,866)
Motor vehicle licenses	1,087,000	1,087,000	999,681	(87,319)
Solid waste disposal fee	550,000	550,000	608,564	58,564
Taxes on recordation and wills	150,000	162,110	195,079	32,969
Transient lodging tax	200,000	200,000	205,395	5,395
Meals tax	250,000	250,000	254,673	4,673
Total other local taxes	\$ 6,689,000	\$ 6,701,110	\$ 6,583,756	\$ (117,354)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 70,000	\$ 70,000	\$ 51,752	\$ (18,248)
Transfer fees	1,000	1,000	1,031	31
Building permits	100,000	110,127	132,561	22,434
Total permits, privilege fees, and regulatory licenses	\$ 171,000	\$ 181,127	\$ 185,344	\$ 4,217
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 73,681	\$ 13,681
Revenue from use of money and property:				
Revenue from use of money	\$ 1,000	\$ 1,000	\$ 1,310	\$ 310
Revenue from use of property	227,443	263,852	268,916	5,064
Total revenue from use of money and property	\$ 228,443	\$ 264,852	\$ 270,226	\$ 5,374
Charges for services:				
Charges for law library	\$ 8,500	\$ 8,500	\$ 13,069	\$ 4,569
Sheriff fees	2,717	2,717	2,180	(537)
Charges for courthouse maintenance	22,000	22,000	16,309	(5,691)
Courthouse construction fees	21,000	21,000	24,564	3,564
Charges for courthouse security	50,000	50,000	55,981	5,981
Charges for commonwealth's attorney	2,500	2,500	3,533	1,033
Animal redemption fees	5,500	6,155	1,971	(4,184)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 275,000	\$ 275,000	\$ 304,276	\$ 29,276
Charges for parks and recreation	7,000	7,000	6,416	(584)
Charges for planning fees	15,000	15,000	18,234	3,234
Charges for project lifesaver program	-	-	950	950
Total charges for services	<u>\$ 409,217</u>	<u>\$ 409,872</u>	<u>\$ 447,483</u>	<u>\$ 37,611</u>
Miscellaneous revenue:				
Miscellaneous	\$ 326,000	\$ 351,376	\$ 188,492	\$ (162,884)
County fair donations and other revenue	17,000	17,000	19,627	2,627
Crime prevention collections	-	-	6,650	6,650
Total miscellaneous revenue	<u>\$ 343,000</u>	<u>\$ 368,376</u>	<u>\$ 214,769</u>	<u>\$ (153,607)</u>
Recovered costs:				
Soil & water conservation technician	\$ 125,328	\$ 92,824	\$ 74,748	\$ (18,076)
School board reimbursements	58,646	-	14,662	14,662
Insurance recoveries	-	23,782	21,771	(2,011)
Other recovered costs	222,000	538,004	628,383	90,379
Total recovered costs	<u>\$ 405,974</u>	<u>\$ 654,610</u>	<u>\$ 739,564</u>	<u>\$ 84,954</u>
Total revenue from local sources	<u>\$ 31,786,634</u>	<u>\$ 32,119,947</u>	<u>\$ 33,409,651</u>	<u>\$ 1,289,704</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 72,650	\$ 12,650
Mobile home titling tax	40,000	40,000	41,475	1,475
Motor vehicle rental tax	7,500	7,500	8,340	840
State recordation tax	50,000	50,000	59,645	9,645
Personal property tax relief funds	1,505,089	1,505,089	1,503,234	(1,855)
Communications taxes	1,200,000	1,200,000	1,168,847	(31,153)
Total noncategorical aid	<u>\$ 2,862,589</u>	<u>\$ 2,862,589</u>	<u>\$ 2,854,191</u>	<u>\$ (8,398)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 429,044	\$ 489,921	\$ 442,147	\$ (47,774)
Drug prosecutor	110,675	112,733	116,247	3,514
Sheriff	1,520,485	1,578,516	1,530,293	(48,223)
Commissioner of revenue	121,919	127,126	127,683	557
Treasurer	108,250	112,900	114,883	1,983
Medical examiner	1,500	1,500	-	(1,500)
Registrar/electoral board	54,200	55,748	41,300	(14,448)
Clerk of the Circuit Court	298,900	346,729	344,484	(2,245)
Total shared expenses	<u>\$ 2,644,973</u>	<u>\$ 2,825,173</u>	<u>\$ 2,717,037</u>	<u>\$ (108,136)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Emergency medical services grants	\$ 40,000	\$ 82,700	\$ 213,751	\$ 131,051
Virginia juvenile community crime control act grant	63,762	63,762	63,762	-
Fire program funds	70,000	75,497	80,638	5,141
Other state funds	94,832	101,162	61,565	(39,597)
Total other categorical aid	<u>\$ 268,594</u>	<u>\$ 323,121</u>	<u>\$ 419,716</u>	<u>\$ 96,595</u>
Total categorical aid	<u>\$ 2,913,567</u>	<u>\$ 3,148,294</u>	<u>\$ 3,136,753</u>	<u>\$ (11,541)</u>
Total revenue from the Commonwealth	<u>\$ 5,776,156</u>	<u>\$ 6,010,883</u>	<u>\$ 5,990,944</u>	<u>\$ (19,939)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 42,983</u>	<u>\$ 2,983</u>
Categorical aid:				
Disaster grants - public assistance	\$ -	\$ -	\$ 12,196	\$ 12,196
State and community highway safety	-	-	10,664	10,664
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,860</u>	<u>\$ 22,860</u>
Total revenue from the federal government	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 65,843</u>	<u>\$ 25,843</u>
Total General Fund	<u><u>\$ 37,602,790</u></u>	<u><u>\$ 38,170,830</u></u>	<u><u>\$ 39,466,438</u></u>	<u><u>\$ 1,295,608</u></u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous	<u>\$ -</u>	<u>\$ 12,793</u>	<u>\$ 53,583</u>	<u>\$ 40,790</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 12,793</u>	<u>\$ 53,583</u>	<u>\$ 40,790</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 3,649,132	\$ 3,667,832	\$ 1,299,596	\$ (2,368,236)
Comprehensive Services Act program	1,636,750	1,636,750	1,584,192	(52,558)
Total categorical aid	<u>\$ 5,285,882</u>	<u>\$ 5,304,582</u>	<u>\$ 2,883,788</u>	<u>\$ (2,420,794)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 2,138,898	\$ 2,138,898
Comprehensive Services Act program - Federal	-	-	18,796	18,796
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,157,694</u>	<u>\$ 2,157,694</u>
Total Virginia Public Assistance Fund	<u><u>\$ 5,285,882</u></u>	<u><u>\$ 5,317,375</u></u>	<u><u>\$ 5,095,065</u></u>	<u><u>\$ (222,310)</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
State and Federal Grants Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 31,500	\$ 31,500
Total miscellaneous revenue	\$ -	\$ -	\$ 31,500	\$ 31,500
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Litter control grant	\$ 15,000	\$ 15,000	\$ 18,021	\$ 3,021
Community corrections board grant	490,954	494,367	501,768	7,401
Crime victims grant	55,774	56,027	55,774	(253)
Commission for the arts grant	5,000	5,000	5,000	-
Total categorical aid	\$ 566,728	\$ 570,394	\$ 580,563	\$ 10,169
Total revenue from the Commonwealth	\$ 566,728	\$ 570,394	\$ 580,563	\$ 10,169
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ 616,059	\$ 633,856	\$ 17,797
Total categorical aid	\$ -	\$ 616,059	\$ 633,856	\$ 17,797
Total revenue from the federal government	\$ -	\$ 616,059	\$ 633,856	\$ 17,797
Total State and Federal Grants Fund	\$ 566,728	\$ 1,186,453	\$ 1,245,919	\$ 59,466
William M. Tuck Airport Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 60,000	\$ 60,000	\$ 72,700	\$ 12,700
Total revenue from local sources	\$ 60,000	\$ 60,000	\$ 72,700	\$ 12,700
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Airport aid	\$ -	\$ -	\$ 21,697	\$ 21,697
Total categorical aid	\$ -	\$ -	\$ 21,697	\$ 21,697
Total revenue from the Commonwealth	\$ -	\$ -	\$ 21,697	\$ 21,697
Revenue from the federal government:				
Categorical aid:				
Airport aid - FAA	\$ -	\$ -	\$ 28,088	\$ 28,088
Total revenue from the federal government	\$ -	\$ -	\$ 28,088	\$ 28,088
Total William M. Tuck Airport Fund	\$ 60,000	\$ 60,000	\$ 122,485	\$ 62,485

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 878	\$ 878
Total revenue from use of money and property	\$ -	\$ -	\$ 878	\$ 878
Total County Capital Projects Fund	\$ -	\$ -	\$ 878	\$ 878
Total Primary Government	\$ 43,515,400	\$ 44,734,658	\$ 45,930,785	\$ 1,196,127
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 1,889,000	\$ 1,889,000	\$ 1,645,887	\$ (243,113)
Total revenue from local sources	\$ 1,889,000	\$ 1,889,000	\$ 1,645,887	\$ (243,113)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Halifax, Virginia	\$ 13,377,529	\$ 13,377,529	\$ 13,467,668	\$ 90,139
Total revenues from local governments	\$ 13,377,529	\$ 13,377,529	\$ 13,467,668	\$ 90,139
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,589,848	\$ 5,589,848	\$ 5,412,730	\$ (177,118)
Basic school aid	15,542,440	15,542,440	15,632,156	89,716
Remedial summer education	269,373	269,373	249,012	(20,361)
Gifted and talented	169,422	169,422	169,172	(250)
Remedial education	718,201	718,201	717,140	(1,061)
Special education	3,473,148	3,473,148	3,493,089	19,941
Textbook payment	330,483	330,483	329,995	(488)
Foster home children	25,968	25,968	27,843	1,875
Vocational standards of quality payments	500,899	500,899	500,159	(740)
Fringe benefits	3,038,544	3,038,544	3,034,055	(4,489)
Early reading intervention	83,724	83,724	103,554	19,830
Homebound education	156,635	156,635	63,945	(92,690)
K-3 Primary class	960,301	960,301	969,250	8,949
At risk payments	870,783	870,783	869,482	(1,301)
GED funding	23,576	23,576	-	(23,576)
Virginia preschool initiative	656,301	656,301	656,301	-
Algebra readiness	99,249	99,249	-	(99,249)
Technology	-	-	94,843	94,843
Compensation supplement	416,612	416,612	415,343	(1,269)
Additional assistance with retirement and inflation	276,108	276,108	276,107	(1)
English as a second language	62,274	62,274	26,509	(35,765)
Other state funds	120,584	120,584	686,056	565,472
Total categorical aid	\$ 33,384,473	\$ 33,384,473	\$ 33,726,741	\$ 342,268
Total revenue from the Commonwealth	\$ 33,384,473	\$ 33,384,473	\$ 33,726,741	\$ 342,268

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ -	\$ 1,754,610	\$ 1,754,610
Title VI-B, special education flow-through	1,750,000	1,750,000	1,132,306	(617,694)
Vocational education	-	-	81,763	81,763
Title VI-B, special education pre-school	-	-	125,264	125,264
English language acquisition grants	-	-	12,890	12,890
21st Century community learning	-	-	369,667	369,667
Title II, Part A; Improving teacher quality - state grants	-	-	248,443	248,443
JROTC	-	-	47,619	47,619
Title VI, Rural and low income schools	-	-	222,537	222,537
AP incentive payments	-	-	1,170	1,170
Other federal funds	3,824,157	3,824,157	-	(3,824,157)
Total categorical aid	<u>\$ 5,574,157</u>	<u>\$ 5,574,157</u>	<u>\$ 3,996,269</u>	<u>\$ (1,577,888)</u>
Total revenue from the federal government	<u>5,574,157</u>	<u>5,574,157</u>	<u>3,996,269</u>	<u>(1,577,888)</u>
Total School Operating Fund	<u>\$ 54,225,159</u>	<u>\$ 54,225,159</u>	<u>\$ 52,836,565</u>	<u>\$ (1,388,594)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 850,000	\$ 850,000	\$ 687,907	\$ (162,093)
Total revenue from local sources	<u>\$ 850,000</u>	<u>\$ 850,000</u>	<u>\$ 687,907</u>	<u>\$ (162,093)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 41,394	\$ 41,394
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,394</u>	<u>\$ 41,394</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,000,000	\$ 2,000,000	\$ 1,883,554	\$ (116,446)
Total revenue from the federal government	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,883,554</u>	<u>\$ (116,446)</u>
Total School Cafeteria Fund	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 2,612,855</u>	<u>\$ (237,145)</u>
School Textbook Fund:				
Revenue from local sources:				
Charges for services:				
Textbook rentals	\$ -	\$ -	\$ 23,757	\$ 23,757
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,757</u>	<u>\$ 23,757</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 57,075,159</u>	<u>\$ 57,075,159</u>	<u>\$ 55,473,177</u>	<u>\$ (1,601,982)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 249,090	\$ 249,090	\$ 177,890	\$ 71,200
General and financial administration:				
County administrator	\$ 275,259	\$ 276,195	\$ 267,077	\$ 9,118
Legal services	80,000	80,000	89,947	(9,947)
Commissioner of revenue	368,895	362,720	358,574	4,146
Assessment	214,417	212,267	200,660	11,607
Treasurer	407,808	414,628	439,833	(25,205)
Central accounting	468,145	489,449	475,590	13,859
Professional services	60,000	60,000	52,506	7,494
Total general and financial administration	\$ 1,874,524	\$ 1,895,259	\$ 1,884,187	\$ 11,072
Board of elections:				
Electoral board and officials	\$ 72,588	\$ 72,588	\$ 56,603	\$ 15,985
Registrar	112,213	114,068	114,343	(275)
Total board of elections	\$ 184,801	\$ 186,656	\$ 170,946	\$ 15,710
Total general government administration	\$ 2,308,415	\$ 2,331,005	\$ 2,233,023	\$ 97,982
Judicial administration:				
Courts:				
Circuit court	\$ 56,182	\$ 56,887	\$ 50,939	\$ 5,948
General district court	17,950	17,950	14,758	3,192
Special magistrates	2,400	2,400	1,905	495
Juvenile and domestic relations district court	16,150	16,150	13,657	2,493
Law library	8,500	8,500	9,886	(1,386)
Courthouse security	171,115	204,744	195,236	9,508
Courthouse maintenance	22,000	22,000	-	22,000
Clerk of the circuit court	499,098	546,705	499,775	46,930
Total courts	\$ 793,395	\$ 875,336	\$ 786,156	\$ 89,180
Commonwealth's attorney:				
Commonwealth's attorney	\$ 624,058	\$ 708,880	\$ 654,633	\$ 54,247
Multi-jurisdictional drug prosecutor	132,719	165,716	135,588	30,128
Total commonwealth's attorney	\$ 756,777	\$ 874,596	\$ 790,221	\$ 84,375
Total judicial administration	\$ 1,550,172	\$ 1,749,932	\$ 1,576,377	\$ 173,555
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,637,835	\$ 2,786,141	\$ 2,578,667	\$ 207,474
Emergency operations center	941,393	949,629	1,019,287	(69,658)
Total law enforcement and traffic control	\$ 3,579,228	\$ 3,735,770	\$ 3,597,954	\$ 137,816

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 693,350	\$ 731,315	\$ 719,018	\$ 12,297
Ambulance and rescue services	182,375	242,031	231,146	10,885
Emergency services	131,804	134,353	146,537	(12,184)
Forestry service	31,887	31,887	31,887	-
Total fire and rescue services	<u>\$ 1,039,416</u>	<u>\$ 1,139,586</u>	<u>\$ 1,128,588</u>	<u>\$ 10,998</u>
Correction and detention:				
Regional jail and other corrections	<u>\$ 2,087,509</u>	<u>\$ 2,087,509</u>	<u>\$ 2,084,904</u>	<u>\$ 2,605</u>
Inspections:				
Building	<u>\$ 224,385</u>	<u>\$ 227,614</u>	<u>\$ 205,173</u>	<u>\$ 22,441</u>
Other protection:				
Animal control	\$ 249,299	\$ 262,135	\$ 257,414	\$ 4,721
Medical examiner	1,500	1,500	260	1,240
Total other protection	<u>\$ 250,799</u>	<u>\$ 263,635</u>	<u>\$ 257,674</u>	<u>\$ 5,961</u>
Total public safety	<u>\$ 7,181,337</u>	<u>\$ 7,454,114</u>	<u>\$ 7,274,293</u>	<u>\$ 179,821</u>
Public works:				
Sanitation and waste removal:				
Public works and environmental services	<u>\$ 2,487,095</u>	<u>\$ 2,503,763</u>	<u>\$ 2,242,226</u>	<u>\$ 261,537</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 989,767</u>	<u>\$ 983,947</u>	<u>\$ 838,323</u>	<u>\$ 145,624</u>
Total public works	<u>\$ 3,476,862</u>	<u>\$ 3,487,710</u>	<u>\$ 3,080,549</u>	<u>\$ 407,161</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	<u>\$ 67,450</u>	<u>\$ 67,450</u>	<u>\$ 67,450</u>	<u>\$ -</u>
Welfare:				
Tax relief for the elderly	\$ -	\$ -	\$ 45,625	\$ (45,625)
Other social services	12,000	12,000	12,000	-
Total welfare	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 57,625</u>	<u>\$ (45,625)</u>
Total health and welfare	<u>\$ 328,649</u>	<u>\$ 328,649</u>	<u>\$ 374,274</u>	<u>\$ (45,625)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
General government administration: (Continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 120,385	\$ 120,385	\$ 120,385	\$ -
Contribution to County School Board	13,377,529	13,377,529	13,467,668	(90,139)
Total education	<u>\$ 13,497,914</u>	<u>\$ 13,497,914</u>	<u>\$ 13,588,053</u>	<u>\$ (90,139)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 204,104	\$ 205,369	\$ 206,160	\$ (791)
Contribution to YMCA	7,500	10,626	10,626	-
County fair	30,000	34,000	33,774	226
Total parks and recreation	<u>\$ 241,604</u>	<u>\$ 249,995</u>	<u>\$ 250,560</u>	<u>\$ (565)</u>
Cultural enrichment:				
Halifax / South Boston Museum	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Total cultural enrichment	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Library:				
Contribution to county library	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 423,604</u>	<u>\$ 431,995</u>	<u>\$ 432,560</u>	<u>\$ (565)</u>
Community development:				
Planning and community development:				
Planning & zoning	\$ 165,267	\$ 189,142	\$ 183,331	\$ 5,811
Tri-County Community Action Agency	50,766	50,766	50,766	-
Southside Planning District	45,301	45,301	45,301	-
Halifax County tourism	106,119	106,119	106,119	-
Contribution to Industrial Development Authority	730,487	730,487	729,607	880
Total planning and community development	<u>\$ 1,097,940</u>	<u>\$ 1,121,815</u>	<u>\$ 1,115,124</u>	<u>\$ 6,691</u>
Environmental management:				
Environmental management	<u>\$ 161,930</u>	<u>\$ 129,426</u>	<u>\$ 130,419</u>	<u>\$ (993)</u>
Cooperative extension program:				
Extension office	\$ 98,054	\$ 98,054	\$ 99,046	\$ (992)
Agricultural development agent	67,128	62,015	36,675	25,340
Total cooperative extension program	<u>\$ 165,182</u>	<u>\$ 160,069</u>	<u>\$ 135,721</u>	<u>\$ 24,348</u>
Total community development	<u>\$ 1,425,052</u>	<u>\$ 1,411,310</u>	<u>\$ 1,381,264</u>	<u>\$ 30,046</u>
Nondepartmental:				
Halifax County Service Authority	\$ 119,381	\$ 119,381	\$ 119,381	\$ -
Miscellaneous	20,000	20,000	12,502	7,498
Total nondepartmental	<u>\$ 139,381</u>	<u>\$ 139,381</u>	<u>\$ 131,883</u>	<u>\$ 7,498</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 3,145,340	\$ 3,145,340	\$ 3,145,340	\$ -
Interest and other fiscal charges	2,348,341	1,518,042	1,470,148	47,894
Bond issue costs	-	-	29,141	(29,141)
Total debt service	<u>\$ 5,493,681</u>	<u>\$ 4,663,382</u>	<u>\$ 4,644,629</u>	<u>\$ 18,753</u>
Total General Fund	<u>\$ 35,825,067</u>	<u>\$ 35,495,392</u>	<u>\$ 34,716,905</u>	<u>\$ 778,487</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration and assistance	\$ 4,447,656	\$ 4,466,356	\$ 4,226,698	\$ 239,658
Comprehensive services	2,286,902	2,449,695	2,143,746	305,949
Total welfare and social services	<u>\$ 6,734,558</u>	<u>\$ 6,916,051</u>	<u>\$ 6,370,444</u>	<u>\$ 545,607</u>
Total Virginia Public Assistance Fund	<u>\$ 6,734,558</u>	<u>\$ 6,916,051</u>	<u>\$ 6,370,444</u>	<u>\$ 545,607</u>
State and Federal Grants Fund:				
Judicial administration:				
Courts:				
Crime victims grant	\$ 55,774	\$ 56,028	\$ 54,009	\$ 2,019
Refurbishing clerk of circuit court	-	-	23,811	(23,811)
Total judicial administration	<u>\$ 55,774</u>	<u>\$ 56,028</u>	<u>\$ 77,820</u>	<u>\$ (21,792)</u>
Public safety:				
Correction and detention:				
Community corrections board	<u>\$ 490,954</u>	<u>\$ 501,768</u>	<u>\$ 520,363</u>	<u>\$ (18,595)</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
Commission for the Arts	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Community development:				
Planning and community development:				
Improvement council	\$ 13,987	\$ 13,987	\$ 12,360	\$ 1,627
South Boston energy plant project	-	24,453	24,453	-
Pine Heights project	-	535,399	526,467	8,932
Urgent needs project	-	56,206	71,106	(14,900)
Halifax downtown project	-	-	376	(376)
Total community development	<u>\$ 13,987</u>	<u>\$ 630,045</u>	<u>\$ 634,762</u>	<u>\$ (4,717)</u>
Total State and Federal Grants Fund	<u>\$ 570,715</u>	<u>\$ 1,197,841</u>	<u>\$ 1,242,945</u>	<u>\$ (45,104)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
William M. Tuck Airport Fund:				
Community development:				
Planning and community development:				
Airport expenditures	\$ 60,000	\$ 60,000	\$ 74,754	\$ (14,754)
Capital projects:				
Capital projects	\$ -	\$ -	\$ 16,006	\$ (16,006)
Total William M. Tuck Airport Fund	\$ 60,000	\$ 60,000	\$ 90,760	\$ (30,760)
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
VISION - CAMA system	\$ -	\$ 247,340	\$ 127,509	\$ 119,831
Sheriff cars	78,000	78,000	73,801	4,199
Motor vehicles and equipment	-	199,889	199,889	-
Farm Service building renovation	-	28,400	7,200	21,200
Sheriffs office relocation	197,060	299,916	52,590	247,326
Phase I: Sheriffs office renovation	-	2,801,019	153,506	2,647,513
STEM Center renovation	-	830,299	443,406	386,893
Fairgrounds master plan	50,000	50,000	-	50,000
Courthouse needs assessment	-	174,480	193,817	(19,337)
Total capital projects	\$ 325,060	\$ 4,709,343	\$ 1,251,718	\$ 3,457,625
Total County Capital Projects Fund	\$ 325,060	\$ 4,709,343	\$ 1,251,718	\$ 3,457,625
Total Primary Government	\$ 43,515,400	\$ 48,378,627	\$ 43,672,772	\$ 4,705,855
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board and administration	\$ 2,425,479	\$ 2,425,479	\$ 2,446,577	\$ (21,098)
School food services				
Food services	\$ -	\$ -	\$ 85,715	\$ (85,715)
Instruction costs:				
Elementary and secondary schools	\$ 38,268,258	\$ 38,268,258	\$ 37,040,378	\$ 1,227,880
Federal programs	3,600,000	3,600,000	2,490,892	1,109,108
Total instruction costs	\$ 41,868,258	\$ 41,868,258	\$ 39,531,270	\$ 2,336,988
Operating costs:				
Pupil transportation	\$ 4,064,016	\$ 4,064,016	\$ 4,232,599	\$ (168,583)
Operation and maintenance of school plant	5,826,754	5,826,754	5,610,921	215,833
Total operating costs	\$ 9,890,770	\$ 9,890,770	\$ 9,843,520	\$ 47,250
Total education	\$ 54,184,507	\$ 54,184,507	\$ 51,907,082	\$ 2,277,425

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ 30,000	\$ 30,000	\$ 136,185	\$ (106,185)
Interest and other fiscal charges	10,652	10,652	3,766	6,886
Total debt service	<u>\$ 40,652</u>	<u>\$ 40,652</u>	<u>\$ 139,951</u>	<u>\$ (99,299)</u>
Total School Fund	<u>\$ 54,225,159</u>	<u>\$ 54,225,159</u>	<u>\$ 52,047,033</u>	<u>\$ 2,178,126</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 2,873,790</u>	<u>\$ (23,790)</u>
Total School Cafeteria Fund	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 2,873,790</u>	<u>\$ (23,790)</u>
School Textbook Fund:				
Education:				
Instruction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,716</u>	<u>\$ (272,716)</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,716</u>	<u>\$ (272,716)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
School construction projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,944</u>	<u>\$ (669,944)</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,944</u>	<u>\$ (669,944)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 57,075,159</u>	<u>\$ 57,075,159</u>	<u>\$ 55,863,483</u>	<u>\$ 1,211,676</u>

Other Statistical Information

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COUNTY OF HALIFAX, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety		Public Works	Health and Welfare		Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt		Business-Type Activities (1)	Total
	Administration														
2004-05	\$ 1,511,027	\$ 1,141,869	\$ 6,739,414	\$ 2,201,147	\$ 5,380,161	\$ 12,103,336	\$ 355,481	\$ 3,535,237	\$ 450,855	\$ 310,276	\$ 33,728,803				
2005-06	1,832,019	1,169,866	6,252,307	2,252,206	6,199,469	13,397,147	407,606	2,949,509	1,211,711	566,889	36,238,729				
2006-07	2,000,161	1,275,407	6,942,019	2,345,652	7,665,807	12,542,439	465,052	3,158,513	2,940,181	625,463	39,960,694				
2007-08	2,580,816	1,382,701	7,353,873	2,096,176	7,708,608	22,012,386	894,038	3,302,635	2,318,580	4,950,117	54,599,930				
2008-09	2,312,849	1,405,780	7,804,899	3,990,358	8,085,471	18,242,542	612,848	1,767,995	2,815,705	-	47,038,447				
2009-10	3,090,119	1,429,764	7,325,326	3,812,180	7,787,497	16,063,821	552,569	2,002,198	2,585,383	-	44,648,857				
2010-11	2,418,864	1,482,464	7,564,127	5,195,264	7,904,249	17,312,615	632,558	1,680,884	2,471,149	-	46,662,174				
2011-12	2,272,954	1,487,486	7,594,784	3,752,716	7,760,643	16,442,784	436,121	2,132,612	2,346,703	-	44,226,803				
2012-13	2,325,357	1,596,842	7,458,534	3,531,002	7,551,029	16,578,196	474,772	2,754,844	2,240,418	-	44,510,994				
2013-14	2,198,400	1,638,022	7,190,142	3,810,125	6,813,100	17,009,842	454,679	2,014,030	1,177,375	-	42,305,715				

Table includes primary government only.

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

COUNTY OF HALIFAX, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes (1)	Unrestricted Investment Earnings	Miscellaneous	Restricted to Specific Programs (1)	
2004-05	\$ 775,336	\$ 8,299,912	\$ 1,316,361	\$ 15,482,599	\$ 5,885,175	\$ 549,581	\$ 354,048	\$ 1,675,128	\$ 34,338,140
2005-06	896,598	8,737,400	413,539	18,119,877	6,163,007	1,401,345	638,495	1,796,891	38,167,152
2006-07	974,949	10,249,711	1,527,388	20,667,806	6,306,972	2,274,778	435,632	1,822,478	44,259,714
2007-08	582,735	9,808,887	1,774,373	30,744,187	6,393,593	2,320,614	718,423	2,201,320	54,544,132
2008-09	638,515	9,801,128	1,177,293	24,538,078	5,905,056	589,508	437,425	1,502,504	44,589,507
2009-10	695,753	9,934,844	347,708	23,945,473	4,686,780	411,274	1,104,045	2,658,996	43,784,873
2010-11	690,073	9,353,614	440,717	23,996,264	4,834,750	406,707	854,368	2,577,185	43,153,678
2011-12	620,628	9,329,540	1,442,756	22,779,396	5,236,780	394,117	519,922	2,602,321	42,925,460
2012-13	672,784	9,034,629	1,461,144	24,306,577	6,164,352	343,065	302,982	2,667,870	44,953,403
2013-14	706,508	8,537,054	928,245	24,807,716	6,583,756	343,804	507,624	2,897,174	45,311,881

Table includes primary government only.

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

COUNTY OF HALIFAX, VIRGINIA

Table 3

General Governmental Expenditures by Function

Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Adminis- tration	Public Safety		Public Works	Health and Welfare		Education (1)		Parks, Recreation, and Cultural		Community Development	Non- Departmental	Debt Service	Total
	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	Adminis- tration	
2004-05	\$ 1,481,322	\$ 1,166,359	\$ 6,593,025	\$ 1,793,623	\$ 5,376,011	\$ 53,579,424	\$ 361,636	\$ 4,029,065	\$ -	\$ 1,595,594	\$ 75,976,059					
2005-06	1,749,241	1,182,823	6,330,220	1,937,473	6,194,497	56,798,887	379,530	3,279,371	3,464	1,640,534	79,496,040					
2006-07	1,847,104	1,277,304	6,828,457	2,089,523	7,644,557	59,971,600	445,885	3,141,263	50,480	4,098,889	87,395,062					
2007-08	2,121,771	1,398,840	6,993,742	2,617,573	7,734,479	61,634,425	424,717	3,787,477	212,970	5,549,361	92,475,355					
2008-09	2,141,122	1,391,667	7,440,463	3,325,895	8,019,717	64,323,460	591,205	1,763,924	391,150	6,051,488	95,440,091					
2009-10	2,630,693	1,419,225	7,397,339	3,175,611	7,733,969	61,376,043	584,207	2,387,062	418,979	5,885,023	93,008,151					
2010-11	2,186,834	1,471,621	7,242,714	3,712,592	7,875,823	61,062,113	598,521	1,778,597	351,167	6,039,816	92,319,798					
2011-12	2,170,032	1,466,653	7,524,324	3,111,801	7,765,276	57,736,555	397,131	2,347,462	236,293	5,496,482	88,252,009					
2012-13	2,241,420	1,589,595	7,625,905	3,322,434	7,524,746	57,919,116	427,362	2,866,356	133,077	5,503,566	89,153,577					
2013-14	2,233,023	1,654,197	7,794,656	3,080,549	6,744,418	55,173,973	442,560	2,090,780	131,883	4,784,580	84,130,619					

Table includes General and Special Revenue funds of the Primary Government and Discretely Presented Component Unit - School Board.

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

COUNTY OF HALIFAX, VIRGINIA

Table 4

General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (2)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property		Charges for Services	Miscellaneous	Recovered Costs		Inter-governmental (1)(2)	Total
2004-05	\$ 15,466,288	\$ 5,885,175	\$ 129,775	\$ 22,157	\$ 548,052	\$ 1,467,896	\$ 1,184,604	\$ 144,786	\$ 51,547,745	\$ 76,396,478		
2005-06	17,986,767	6,163,007	153,490	31,633	1,402,700	1,485,108	1,748,676	787,970	53,594,874	83,354,225		
2006-07	20,515,847	6,306,972	127,543	16,663	2,276,997	1,585,555	1,115,579	204,147	60,237,578	92,386,881		
2007-08	30,263,336	6,393,593	138,168	16,311	2,254,804	1,653,143	2,079,186	330,204	60,595,023	103,723,768		
2008-09	24,346,869	5,905,056	122,761	73,379	591,734	2,334,130	1,536,350	121,259	60,305,548	95,337,086		
2009-10	23,509,675	4,686,780	130,416	62,043	413,567	2,131,400	2,786,770	124,571	59,105,452	92,950,674		
2010-11	24,004,456	4,834,750	141,352	74,226	407,741	1,555,945	2,718,034	261,080	56,726,586	90,724,170		
2011-12	22,052,531	5,236,780	134,832	60,924	394,157	1,438,063	2,545,673	427,976	54,432,215	86,723,151		
2012-13	24,546,393	6,164,352	154,721	62,785	343,065	1,355,080	1,959,857	903,938	54,462,534	89,952,725		
2013-14	24,894,828	6,583,756	185,344	73,681	342,926	1,159,147	1,945,739	739,564	52,160,431	88,085,416		

Table includes General and Special Revenue funds of the Primary Government and Discretely Presented Component Unit - School Board.

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax		Current Tax		Delinquent Tax		Total Tax		Percent of Current Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Current Tax Levy	
	Levy (1,3,4)		Collections (1)		Collections (1)(5)		Collections							
2004-05	\$	16,667,284	\$	16,110,369	\$	419,749	\$	16,530,118	\$	96.66%	\$	1,460,674		8.76%
2005-06		19,548,439		18,855,929		200,820		19,056,749		96.46%		1,439,428		7.36%
2006-07		20,473,289		19,758,307		416,535		20,174,842		96.51%		1,796,186		8.77%
2007-08		31,484,340		30,490,974		570,092		31,061,066		96.84%		2,086,683		6.63%
2008-09		25,471,645		25,086,207		199,676		25,285,883		98.49%		2,164,820		8.50%
2009-10		24,450,576		23,182,891		1,252,839		24,435,730		94.82%		2,279,104		9.32%
2010-11		24,968,092		22,516,171		2,446,207		24,962,378		90.18%		2,380,138		9.53%
2011-12		23,760,658		20,348,558		2,546,293		22,894,851		85.64%		1,856,116		7.81%
2012-13		25,032,718		22,313,363		2,972,629		25,285,992		89.14%		1,742,146		6.96%
2013-14		25,423,840		23,063,969		2,718,690		25,782,659		90.72%		1,886,208		7.42%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

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

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

(5) Delinquent tax collections represent total delinquent taxes collected by fiscal year not tax assessment year.

COUNTY OF HALIFAX, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)(3)	Personal Property (1)	Machinery and Tools		Mobile Homes	Public Utility (2)	Total
2004-05	\$ 1,910,664,805	\$ 263,810,600	\$ 107,198,300	\$	24,372,634	\$ 776,778,376	\$ 3,082,824,715
2005-06	1,935,164,682	282,638,875	119,637,200		24,397,296	746,782,274	3,108,620,327
2006-07	2,157,582,260	218,028,800	131,854,800		24,130,000	1,042,337,183	3,573,933,043
2007-08	2,186,407,594	218,486,973	113,786,300		24,404,648	1,020,808,708	3,563,894,223
2008-09	2,582,057,659	221,649,707	118,967,559		24,513,892	1,025,725,027	3,972,913,844
2009-10	2,642,838,286	194,222,175	105,229,100		24,281,492	1,071,208,087	4,037,779,140
2010-11	2,682,107,141	195,399,423	102,266,400		21,607,200	1,144,472,640	4,145,852,804
2011-12	2,642,140,247	208,849,364	104,232,700		21,636,849	1,043,796,759	4,020,655,919
2012-13	2,611,941,867	206,995,250	115,491,600		21,858,449	939,796,330	3,896,083,496
2013-14	2,604,844,290	216,430,806	109,754,900		21,548,300	974,075,062	3,926,653,358

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2004-05	\$	\$	\$
2005-06	0.37	2.00	1.26
2006-07	0.41	2.50	1.26
2007-08	0.41	3.30	1.26
2008-09	.44 / .48	3.30	1.26
2009-10	0.44	3.60	1.26
2010-11	.44 / .43	3.60	1.26
2011-12	.43 / .43	3.60	1.26
2012-13	.43 / .45	3.60	1.26
2013-14	.45 / .45	3.60	1.26
	.45 / .46	3.60	1.26

(1) Per \$100 of assessed value.

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

The rates include first and second half installments, respectively.

COUNTY OF HALIFAX, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004-05	37,355	\$ 3,082,825	\$ 11,223,380	\$ 11,223,380	0.36%	\$ 300
2005-06	36,700	3,108,620	59,003,606	59,003,606	1.90%	1,608
2006-07	36,700	3,573,933	67,721,571	67,721,571	1.89%	1,845
2007-08	36,700	3,563,894	64,115,842	64,115,842	1.80%	1,747
2008-09	36,700	3,972,914	61,471,134	61,471,134	1.55%	1,675
2009-10	36,700	4,037,779	58,708,346	58,708,346	1.45%	1,600
2010-11	36,241	4,145,853	55,850,717	55,850,717	1.35%	1,541
2011-12	36,241	4,020,656	53,109,975	53,109,975	1.32%	1,465
2012-13	35,849	3,896,083	50,276,791	50,276,791	1.29%	1,402
2013-14	35,407	3,926,653	47,353,729	47,353,729	1.21%	1,337

(1) US Department of Commerce, United States Census

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2004-05	\$ 1,096,662	\$ 436,307	\$ 1,532,969	\$ 75,976,059	2.02%
2005-06	1,140,660	499,874	1,640,534	79,496,040	2.06%
2006-07	1,618,829	2,480,060	4,098,889	87,395,062	4.69%
2007-08	2,926,284	2,623,077	5,549,361	92,475,355	6.00%
2008-09	3,066,056	3,047,366	6,113,422	95,440,091	6.41%
2009-10	3,118,375	2,816,570	5,934,945	93,008,151	6.38%
2010-11	3,293,277	2,649,193	5,942,470	92,319,798	6.44%
2011-12	2,938,897	2,557,585	5,496,482	88,252,009	6.23%
2012-13	3,055,320	2,448,246	5,503,566	89,153,577	6.17%
2013-14	3,281,525	1,503,055	4,784,580	84,130,619	5.69%

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

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Halifax, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Halifax, Virginia's basic financial statements, and have issued our report thereon dated January 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Halifax, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Halifax, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Halifax, Virginia's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Halifax, Virginia's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia
January 8, 2015

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the County of Halifax, Virginia's compliance with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Halifax, Virginia's major federal programs for the year ended June 30, 2014. County of Halifax, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Halifax, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Halifax, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Halifax, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Halifax, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the County of Halifax, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Halifax, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Halifax, Virginia's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 8, 2015

COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	0950110/0950111	2,318
Temporary Assistance for Needy Families (TANF)	93.558	0400113/0400114	\$ 435,314
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113/0500114	2,768
Low-income Home Energy Assistance	93.568	0600413/0600414	48,339
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113/0760114	60,005
Chafee Education and Training Vouchers Program	93.599	9160113	56
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113/0900114	3,188
Foster Care - Title IV-E	93.658	1100113/1100114	202,353
Adoption Assistance	93.659	1120113/1120114	186,505
Social Services Block Grant	93.667	1000113/1000114	314,842
Chafee Foster Care Independence Program	93.674	9150113/9150114	5,453
Children's Health Insurance Program	93.767	0540113/0540114	13,500
Medical Assistance Program	93.778	1200113/1200114	410,523
Total Department of Health and Human Services			\$ 1,685,164
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	2013IN10994/2014IN10994	\$ 186,112
Department of Education:			
National School Lunch Program	10.555	2013IN10994/2014IN10994	1,269,025
Subtotal CFDA 10.555			\$ 1,455,137
School Breakfast Program	10.553	2013IN10994/2014IN10994	392,478
Department of Education:			
Fresh Fruit and Vegetable Program	10.582	2013IL160341/2014IL160341	35,939
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114	\$ 472,530
Total Department of Agriculture			\$ 2,356,084
Department of Defense:			
Direct payments:			
JROTC	12.000		\$ 47,619
Total Department of Defense			\$ 47,619

COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development: Community Development Block Grant/States' Program and Non-Entitlement Grants in Hawaii	14.228	N/A	\$ 633,856
Total Department of Housing and Urban Development			\$ 633,856
Department of Transportation: Direct payments: Airport Improvement Program	20.106		\$ 28,088
Pass Through Payments: Department of Motor Vehicles: State and Community Highway Safety Alcohol Open Container Requirements	20.600 20.607	SC 13 53146 154AL 13 53148	\$ 3,325 7,339
Total Department of Transportation			\$ 38,752
Department of Homeland Security Pass Through Payments: Department of Emergency Management Emergency Management Performance Grants	97.042	N/A	\$ 12,196
Total Department of Homeland Security			\$ 12,196
Department of Education: Pass Through Payments: Department of Education: Title I: Grants to Local Educational Agencies Special Education Cluster: Special Education - Grants to States Special Education - Preschool Grants Career and Technical Education: Basic Grants to States Twenty-First Century Community Learning Centers Improving Teacher Quality State Grants Advanced Placement Program English Language Acquisition State Grants Rural Education	84.010 84.027 84.173 84.048 84.287 84.367 84.330 84.365 84.358	S010A120046/S010A130046 H027A110107/H027A120107 H173A110112/H173A120112 V048A120046/V048A130046 S287C120047/S287C130047 S367A100044/S367A110044 S330B130008 S365A110046 S367A110046/S367A120046/S367A130046	\$ 1,754,610 1,132,306 125,264 81,763 369,667 248,443 1,170 12,890 222,537
Total Department of Education			\$ 3,948,650
Total Expenditures of Federal Awards			\$ 8,722,321

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF HALIFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2014

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal grant activity of the County of Halifax, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Halifax, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Halifax, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	65,843
Special Revenue Funds:		
Virginia Public Assistance Fund		2,157,694
State and Federal Grants Fund		633,856
William M. Tuck Airport Fund		28,088
Total primary government	\$	<u>2,885,481</u>

Component Unit School Board:

School Operating Fund	\$	3,996,269
School Cafeteria Fund		1,883,554
Total component unit School Board	\$	<u>5,879,823</u>

Less amounts not reported on Schedule of Expenditures of
Federal Awards

Department of Interior - Payments in lieu of taxes	15.226	<u>(42,983)</u>
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Total federal expenditures per basic financial statements	\$	<u>8,722,321</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>8,722,321</u></u>
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COUNTY OF HALIFAX, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No
Significant Deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No
Significant Deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133,
Section .510 (a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.778	Medical Assistance Program
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
14.228	Community Development Block Grant

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no prior year findings