COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

COUNTY OF HALIFAX, VIRGINIA
JUNE 30, 2010

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Judge of the Circuit Court	Richard S. Blanton
Clerk of the Circuit Court	Robert W. Conner
Judge of the General District Court	Robert G. Woodson
Judge of the Juvenile Court	Michael M. Rand
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Commissioner of the Revenue	Brenda P. Powell
Treasurer	Linda S. Foster
Sheriff	Stanley Noblin
Superintendent of Schools	Paul Stapleton
Director of Department of Social Services	Betty G. Wells
County Administrator	George W. Nester

COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Halifax, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Cafeteria and School Textbook Funds of the School Board Component Unit which represent 13 percent of the assets, 45 percent of the fund balance and 6 percent of revenues of the Component Unit School Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Cafeteria and School Textbook Funds, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and Schedule of Pension Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Halifax, Virginia, basic financial statements. The combining and individual nonmajor fund financial statements, supporting schedules and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Halifax, Virginia. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other statistical information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 1, 2010

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, 2010. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by approximately $24 million (*net assets*). Of this amount, approximately $15.5 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net assets decreased by a net of $2,448,940 in FY2009 and a decrease of $863,984 in FY2010. Two fiscal years decrease in net assets totals $3,312,924.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $15.9 million, a decrease of $498,078. Forty-five percent, or $7.1 million of this amount, is *available for spending* at the County's discretion (*unreserved fund balance*).

- At the end of the current fiscal year, unreserved fund balance for the General Fund was approximately $14.8 million, or 41% of governmental fund expenditures less any capital outlay projects funded with bond proceeds.

- The County's total governmental activities debt decreased by $3,308,996 during the current fiscal year. The key factor in the decrease was the commencement of VPSA bond principal payments for school capital projects and other regular debt payments.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

Government-wide financial statements: (Continued)

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

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

Fund financial statements

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

Fund financial statements: (Continued)

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 55 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the General Fund and the Virginia Public Assistance Fund. Required supplementary information can be found on pages 52 through 55 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $24.1 million at the close of the most recent fiscal year. A large portion of the County's net assets ($8.6 million, 36% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

Comparative Summary of Net Assets
As of June 30, 2010 and 2009

	Governmental Activities	
	2010	**2009**
Current and other assets	$ 27,084,999	$ 19,873,521
Capital assets	69,865,650	74,331,037
Total assets	$ 96,950,649	$ 94,204,558
Long-term liabilities outstanding	$ 63,498,005	$ 66,807,001
Other liabilities	9,368,660	2,449,589
Total liabilities	$ 72,866,665	$ 69,256,590
Net assets:		
Invested in capital assets, net of related debt	$ 8,605,166	$ 9,753,736
Unrestricted	15,478,818	15,194,232
Total net assets	$ 24,083,984	$ 24,947,968

Government-Wide Financial Analysis: (Continued)

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

As noted previously, the County's total net assets decreased by $863,984 during the current fiscal year.

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

Comparative Statement of Changes in Net Assets
As of June 30, 2010 and 2009

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	$ 695,753	$ 638,515
Operating grants and contributions	9,934,844	9,801,128
Capital grants and contributions	347,708	1,177,293
General revenues:		
Property taxes	23,945,473	24,538,078
Other taxes	4,686,780	5,905,056
Unrestricted revenues	411,274	589,508
Miscellaneous	1,104,045	437,425
Grants and contributions not restricted to specific programs	2,658,996	1,502,504
Total revenues	$ 43,784,873	$ 44,589,507
Expenses:		
General governmental administration	$ 3,090,119	$ 2,312,849
Judicial administration	1,429,764	1,405,780
Public safety	7,325,326	7,804,899
Public works	3,812,180	3,990,358
Health and welfare	7,787,497	8,085,471
Parks, recreation, and cultural	552,569	612,848
Community development	2,002,198	1,767,995
Interest on long-term debt	2,585,383	2,815,705
Education	16,063,821	18,242,542
Total expenses	$ 44,648,857	$ 47,038,447
Increase in net assets before transfers and gains / (losses)	$ (863,984)	$ (2,448,940)
Transfers	-	-
Increase in net assets	$ (863,984)	$ (2,448,940)
Net assets - beginning of year	24,947,968	27,396,908
Net assets - end of year	$ 24,083,984	$ 24,947,968

Government-Wide Financial Analysis: (Continued)

Generally, net asset changes are the difference between revenues and expenses. Key elements of this increase 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 $23.9 million, which represents a decrease of $592,605 or 2.4%. The decrease is attributed to the implementation of the agricultural forest districts program. Additionally, personal property assessments decreased in FY2010.

- Other local taxes decreased $1.2 million. The decrease is attributed to the financial reporting of the communications taxes. In prior fiscal years, communication taxes were reported as other local taxes. In fiscal year 2010 communication taxes are reported as noncategorical state aid, per guidance from the Auditor of Public Accounts. In FY2009 Communications tax received totaled $1,211,506 and in FY2010 Communications tax totaled $1,216,556.

- Expenses of the governmental activities were approximately $2.3 million less than fiscal year 2010. The majority of the decrease is due to the reduced contribution to the school board and other expenses.

- General property taxes, the County's largest revenue source were $23.9 million or 55% of total governmental revenues.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $15.9 million, a decrease of $498,078 in comparison with the prior year.

The General Fund is the chief operating fund of the County. Excluding transfers to other funds, the general fund's revenues exceeded expenditures by $740,872. At the end of the current fiscal year, unreserved fund balance as well as total fund balance of the General Fund was $14.8 million. The entire amount of this total is reported as unreserved, which is available for spending at the County's discretion; however $7,660,098 is reported as designated for subsequent expenditure. As a measure of the General Fund's liquidity, the fund balance represents 41% of total General Fund expenditures.

The County Capital Improvements Fund accounts for all major general public improvements, excluding capital projects related to business-type activities and education, which are accounted for elsewhere. At the end of the fiscal year, the fund balance was $133,207 and was included in other governmental funds.

Nonmajor special revenue funds included the Airport Fund and the State and Federal Grants Fund. Both funds accounted for the total reported as unreserved special revenue funds in the amount of $967,434.

General Fund Budgetary Highlights

There was an increase of $1,190,918 between the original budget and the final amended budget expenditures including transfers out.

- Actual revenues were less than the budgeted amounts by $519,345 and actual expenditures were less than budgeted amounts by $1,139,750.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2010, amounts to $69.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress. Major capital asset events during the current fiscal year included the following:

- Purchase of several vehicles for various County departments
- Sale of school properties
- Purchase of convenience center sites

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

		Governmental Activities
Land	$	4,836,667
Buildings and improvements		63,655,687
Machinery & Equipment		1,216,379
Contruction in progress		156,917
Total	$	69,865,650

Additional information on the County's capital assets can be found in note 7 on pages 33 through 34 of this report.

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of $63.5 million. Details are summarized in the following table:

		Governmental Activities
Bonds Payable:		
General obligation bonds	$	52,849,132
Revenue bonds		922,222
Literary loans		6,533,491
Landfill Closure/Postclosure		543,811
Capital leases		955,639
Note payable		807,094
Other post-employment benefits obligation		51,009
Compensated absences		835,607
Total	$	63,498,005

Debt associated with governmental activities decreased $3,308,996.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at October 31, 2010 was 11.4%. The State's average unemployment rate was 6.5% and the national average rate was 9.0%.

- 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 County Administrator, County of Halifax, 134 South Main Street, P.O. Box 699, Halifax, VA 24558

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2010

	Primary Government	Component Units		
	Governmental Activities	School Board	Industrial Development Authority	Regional Library
ASSETS				
Cash and cash equivalents	$ 10,236,546	$ 7,384,275	$ 2,044,862	$ 24,720
Receivables (net of allowance for uncollectibles):				
Taxes receivable	9,670,498	-	-	-
Accounts receivable	262,437	-	-	-
Notes receivable	400,000	-	-	-
Due from component unit	4,551,021	-	-	-
Due from other governmental units	1,870,771	3,753,414	-	-
Prepaid expenses	93,726	625,016	-	-
Capital assets (net of accumulated depreciation):				
Land	4,836,667	130,523	544,192	-
Buildings and system	63,655,687	14,840,815	28,088,141	-
Machinery and equipment	1,216,379	2,165,759	637,179	-
Construction in progress	156,917	-	131,836	-
Property held for resale	-	-	2,865,062	
Total assets	$ 96,950,649	$ 28,899,802	$ 34,311,272	$ 24,720
LIABILITIES				
Accounts payable	$ 38,427	$ 76,839	$ 30,021	$ -
Accrued liabilities	-	4,290,849	-	-
Accrued interest payable	1,193,854	-	-	-
Due to primary government	-	4,301,621	249,400	-
Unearned revenue	8,136,379	-	-	-
Long-term liabilities:				
Due within one year	3,534,089	135,098	1,403,204	-
Due in more than one year	59,963,916	1,315,103	12,960,056	2,200
Total liabilities	$ 72,866,665	$ 10,119,510	$ 14,642,681	$ 2,200
NET ASSETS				
Invested in capital assets, net of related debt	$ 8,605,166	$ 17,137,097	$ 15,038,088	$ -
Unrestricted (deficit)	15,478,818	1,643,195	4,630,503	22,520
Total net assets	$ 24,083,984	$ 18,780,292	$ 19,668,591	$ 22,520

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

Statement of Activities
For the Year Ended June 30, 2010

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,090,119	$ 60,000	$ 363,149	$ -
Judicial administration	1,429,764	57,791	809,796	-
Public safety	7,325,326	384,485	2,584,467	347,708
Public works	3,812,180	182,283	15,017	-
Health and welfare	7,787,497	-	5,862,745	-
Education	16,063,821	-	-	-
Parks, recreation, and cultural	552,569	4,136	2,500	-
Community development	2,002,198	7,058	297,170	-
Interest on long-term debt	2,585,383	-	-	-
Total governmental activities	$ 44,648,857	$ 695,753	$ 9,934,844	$ 347,708
Total primary government	$ 44,648,857	$ 695,753	$ 9,934,844	$ 347,708
COMPONENT UNITS:				
School Board	$ 63,419,072	$ 1,628,106	$ 46,660,720	$ -
Industrial Development Authority	3,034,899	1,484,824	38,340	1,057,077
Regional Library	463,828	25,410	193,154	-
Total component units	$ 66,917,799	$ 3,138,340	$ 46,892,214	$ 1,057,077

General revenues:
General property taxes
Other local taxes:
Local sales and use tax
Consumer utility taxes
Motor vehicle licenses
Other local taxes
Unrestricted revenues from use of money and property
Payments from Halifax County
Miscellaneous
Grants and contributions not restricted to specific programs
Total general revenues
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government	Component Units		
Governmental Activities	School Board	Industrial Development Authority	Regional Library
$ (2,666,970)	$ -	$ -	$ -
(562,177)	-	-	-
(4,008,666)	-	-	-
(3,614,880)	-	-	-
(1,924,752)	-	-	-
(16,063,821)	-	-	-
(545,933)	-	-	-
(1,697,970)	-	-	-
(2,585,383)	-	-	-
$ (33,670,552)	$ -	$ -	$ -
$ (33,670,552)	$ -	$ -	$ -
$ -	$ (15,130,246)	$ -	$ -
-	-	(454,658)	
-	-	-	(245,264)
$ -	$ (15,130,246)	$ (454,658)	$ (245,264)
$ 23,945,473	$ -	$ -	$ -
2,486,546	-	-	-
878,586	-	-	-
661,644	-	-	-
660,004	-	-	-
411,274	2,293	24,436	-
-	15,990,526	985,000	220,000
1,104,045	1,682,725	3,571	14,630
2,658,996	-	-	-
$ 32,806,568	$ 17,675,544	$ 1,013,007	$ 234,630
$ (863,984)	$ 2,545,298	$ 558,349	$ (10,634)
24,947,968	16,234,994	19,110,242	33,154
$ 24,083,984	$ 18,780,292	$ 19,668,591	$ 22,520

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Fund Financial Statements

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Balance Sheet
Governmental Funds
June 30, 2010

	General	Virginia Public Assistance	County Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 8,876,513	$ -	$ 133,207	$ 942,074	$ 9,951,794
Receivables (net of allowance for uncollectibles):					
Taxes receivable	9,670,498	-	-	-	9,670,498
Accounts receivable	262,437	-	-	-	262,437
Due from other funds	844,987	-	-	-	844,987
Due from component units	4,551,021	-	-	-	4,551,021
Due from other governmental units	998,442	844,987	-	27,342	1,870,771
Prepaid items	93,726	-	-	-	93,726
Total assets	$ 25,297,624	$ 844,987	$ 133,207	$ 969,416	$ 27,245,234
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 36,445	$ -	$ -	$ 1,982	$ 38,427
Due to other funds	-	844,987	-	-	844,987
Deferred revenue	10,449,804	-	-	-	10,449,804
Total liabilities	$ 10,486,249	$ 844,987	$ -	$ 1,982	$ 11,333,218
Fund balances:					
Unreserved, reported in:					
General fund - designated (Note 17)	$ 7,660,098	$ -	$ -	$ -	$ 7,660,098
General fund - undesignated	7,151,277	-	-	-	7,151,277
Special revenue funds - designated (Note 17)	-	-	-	967,434	967,434
Capital projects funds - designated (Note 17)	-	-	133,207	-	133,207
Total fund balances	$ 14,811,375	$ -	$ 133,207	$ 967,434	$ 15,912,016
Total liabilities and fund balances	$ 25,297,624	$ 844,987	$ 133,207	$ 969,416	$ 27,245,234

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2010

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 15,912,016
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 86,884,350	
Less: accumulated depreciation	(17,018,700)	69,865,650
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred or capitalized in the funds.		
Note receivable		400,000
Deferred revenue		2,313,425
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		284,752
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	$ (59,630,568)	
Capital leases	(955,639)	
Unamortized premium on bonds	(1,481,371)	
Interest payable	(1,193,854)	
Other post-employment benefits	(51,009)	
Compensated absences	(835,607)	
Landfill postclosure liability	(543,811)	(64,691,859)
Net assets of governmental activities		$ 24,083,984

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, 2010

	General	Virginia Public Assistance	County Capital Projects	Other Governmental Funds	Total
REVENUES					
General property taxes	$ 23,509,675	$ -	$	$ -	$ 23,509,675
Other local taxes	4,686,780	-	-	-	4,686,780
Permits, privilege fees, and regulatory licenses	130,416	-	-	-	130,416
Fines and forfeitures	62,043	-	-	-	62,043
Revenue from the use of money and property	344,830	-	-	66,444	411,274
Charges for services	503,294	-	-	-	503,294
Miscellaneous	887,556	205,084	-	11,405	1,104,045
Recovered costs	124,571	-	-	-	124,571
Intergovernmental revenues:					
Commonwealth	5,689,556	3,416,878	-	564,077	9,670,511
Federal	528,000	2,445,867	-	297,170	3,271,037
Total revenues	$ 36,466,721	$ 6,067,829	$ -	$ 939,096	$ 43,473,646
EXPENDITURES					
Current:					
General government administration	$ 2,630,693	$ -	$ -	$ -	$ 2,630,693
Judicial administration	1,318,184	-	-	101,041	1,419,225
Public safety	6,916,108	-	-	481,231	7,397,339
Public works	3,175,611	-	-	-	3,175,611
Health and welfare	353,399	7,380,570	-	-	7,733,969
Education	12,407,968	-	-	-	12,407,968
Parks, recreation, and cultural	579,207	-	-	5,000	584,207
Community development	2,056,201	-	-	330,861	2,387,062
Nondepartmental	418,979	-	-	-	418,979
Capital projects	-	-	104,648	-	104,648
Debt service:					
Principal retirement	3,064,051	-	-	14,324	3,078,375
Interest and other fiscal charges	2,805,448	-	-	1,200	2,806,648
Total expenditures	$ 35,725,849	$ 7,380,570	$ 104,648	$ 933,657	$ 44,144,724
Excess (deficiency) of revenues over (under) expenditures	$ 740,872	$ (1,312,741)	$ (104,648)	$ 5,439	$ (671,078)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ -	$ 1,312,741	$ 104,648	$ -	$ 1,417,389
Transfers out	(1,417,389)	-	-	-	(1,417,389)
Sale of capital assets	173,000	-	-	-	173,000
Total other financing sources (uses)	$ (1,244,389)	$ 1,312,741	$ 104,648	$ -	$ 173,000
Net change in fund balances	$ (503,517)	$ -	$ -	$ 5,439	$ (498,078)
Fund balances - beginning	15,314,892	-	133,207	961,995	16,410,094
Fund balances - ending	$ 14,811,375	$ -	$ 133,207	$ 967,434	$ 15,912,016

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, 2010

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (498,078)
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	$ 652,141	
Net transfer of joint tenancy assets	(3,666,602)	
Depreciation expense	(1,013,082)	(4,027,543)
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.		(437,844)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		835,798
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(79,117)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following are the details of these differences:		
Principal payments and premium amortization		3,348,545
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
(Increase) decrease in other post-employment benefits	$ (25,509)	
(Increase) decrease in compensated absences	(10,260)	
(Increase) decrease in accrued interest	33,804	
(Increase) decrease in landfill postclosure liability	(3,780)	(5,745)
Change in net assets of governmental activities		$ (863,984)

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

Statement of Net Assets
Internal Service Fund
June 30, 2010

		Self-Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$	284,752
Total assets	$	284,752
NET ASSETS		
Unrestricted	$	284,752
Total net assets	$	284,752

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended June 30, 2010

		Self-Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	1,544,985
Total operating revenues	$	1,544,985
OPERATING EXPENSES		
Insurance claims and expenses	$	1,624,102
Total operating expenses	$	1,624,102
Operating income (loss)	$	(79,117)
Change in net assets	$	(79,117)
Total net assets - beginning		363,869
Total net assets - ending	$	284,752

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

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2010

		Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	1,544,985
Payments for premiums		(1,624,102)
Net cash provided (used by) operating activities	$	(79,117)
Net increase (decrease) in cash and cash equivalents	$	(79,117)
Cash and cash equivalents - beginning		363,869
Cash and cash equivalents - ending	$	284,752

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

		Agency Funds
ASSETS		
Cash and cash equivalents	$	86,821
Total assets	$	86,821
LIABILITIES		
Accrued liabilities	$	14,943
Amounts held for social services clients		15,520
Amounts held for other organizations		56,358
Total liabilities	$	86,821

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

Note 1—Summary of Significant Accounting Policies:

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

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

A. Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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.

<u>Budgetary Comparison Schedules</u> - 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.

<u>Management's Discussion and Analysis</u> - 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, 2010.

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, 2010. 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 City. The County appoints four of the five members of the library board. The library is fiscally dependent upon the County for operating contributions.

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 $85,000 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 is liable for the Authority's debt or deficits. The County paid $100,000 to the Authority as part of a sludge agreement during fiscal year 2010.

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

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

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

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

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

The government-wide Statement of Activities reflect 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.

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. Governmental Funds

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

   The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for 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.

   Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following funds: Virginia Public Assistance Fund, State and Federal Grants Fund and William M. Tuck Airport Fund.

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

   Capital Projects Funds – The County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

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

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

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

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

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

F. Cash and Cash Equivalents:

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

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

Investments for the County, as well as for its component units are reported at fair value.

G. Investments

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

H. Receivables and Payables

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

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

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

H. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $479,990 at June 30, 2010 for property taxes.

Real and Personal Property Tax Data:

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

	Real Property	Personal Property
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. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The Component Unit Industrial Development Authority, a proprietary fund type, is required to capitalize its fixed 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 assets lives 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.

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

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

J. Compensated Absences

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

K. Retirement Plan

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

L. Use of Estimates

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

M. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designated portions of fund balance are established to indicate tentative plans for financial resource utilization in a future period.

N. Net Assets

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

O. Long-term Obligations

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

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

O. Long-term Obligations: (Continued)

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

P. Bond Issuance Costs

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

Q. Inventory

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

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories.

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, and Capital Projects Funds of the Primary Government and Component Unit – School Board.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

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

Expenditures exceeded appropriations in the following funds at June 30, 2010:

- County Capital Projects Fund
- State and Federal Grants Fund

Note 3—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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, 2010 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale.

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAA
Local Government Investment Pool	$ 1,027,638
U.S. Government Securities - Money Market	22,767
Total	$ 1,050,405

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, 2010, the County has receivables from other governments as follows:

		Component Units	
	Primary Government	School Board	Industrial Development Authority
Component Units:			
Halifax County School Board	$ 4,301,621	$ -	$ -
Halifax County Industrial Development Authority	249,400	-	-
Total due from component units	$ 4,551,021	$ -	$ -
Other Governments:			
Commonwealth of Virginia:			
Local sales tax	$ 467,234	$ -	$ -
Communication tax	205,346	-	-
Shared revenues	82,657	-	-
Shared expenses	225,847	-	-
VPA funds	115,268	-	-
CSA funds	532,291	-	-
State Sales Tax	-	913,109	-
Other state grants	44,699	1,796	-
Federal Government:			
School fund grants	-	2,838,509	-
VPA funds	197,429	-	-
Total due from other governments	$ 1,870,771	$ 3,753,414	$ -
Amounts due to other governments are as follows:			
Other Local Governments:			
Halifax County	$ -	$ 4,301,621	$ 249,400

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables, and payables as of June 30, 2010, are as follows:

Fund	Interfund Receivable	Interfund Payable
General	$ 844,987	$ -
Virginia Public Assistance	-	844,987
Total	$ 844,987	$ 844,987

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 1,417,389
County Capital Projects	104,648	-
Virginia Public Assistance	1,312,741	-
Total	$ 1,417,389	$ 1,417,389

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.

Note 7—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Primary Government:				
Capital assets not being depreciated:				
Land	$ 4,843,234	$ 49,633	$ 56,200	$ 4,836,667
Construction in progress	61,546	95,371	-	156,917
Total capital assets not being depreciated	$ 4,904,780	$ 145,004	$ 56,200	$ 4,993,584
Capital assets being depreciated:				
Buildings and systems	$ 77,566,139	$ 100,358	$ 3,381,143	$ 74,285,354
Machinery and equipment	7,224,479	406,779	25,846	7,605,412
Total capital asset being depreciated	$ 84,790,618	$ 507,137	$ 3,406,989	$ 81,890,766
Less accumulated depreciation for:				
Buildings and systems	$ 9,525,448	$ 1,871,186	$ 766,967	$ 10,629,667
Machinery and equipment	5,838,913	568,225	18,105	6,389,033
Total accumulated depreciation	$ 15,364,361	$ 2,439,411	$ 785,072	$ 17,018,700
Net capital assets primary government	$ 74,331,037	$ (1,787,270)	$ 2,678,117	$ 69,865,650
Component Unit-School Board:				
Capital assets not being depreciated:				
Land	$ 130,523	$ -	$ -	$ 130,523
Total capital assets not being depreciated	$ 130,523	$ -	$ -	$ 130,523
Capital assets being depreciated:				
Machinery and equipment	$ 8,117,902	$ 359,021	$ -	$ 8,476,923
Buildings and systems	25,651,569	2,471,106	-	28,122,675
Total capital asset being depreciated	$ 33,769,471	$ 2,830,127	$ -	$ 36,599,598
Less accumulated depreciation for:				
Machinery and equipment	$ 6,025,477	$ 285,687	$ -	$ 6,311,164
Buildings and systems	12,430,486	851,374	-	13,281,860
Total accumulated depreciation	$ 18,455,963	$ 1,137,061	$ -	$ 19,593,024
Net capital assets component unit school board	$ 15,444,031	$ 1,693,066	$ -	$ 17,137,097

Note 7—Capital Assets: (Continued)

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

Governmental activities:		
General government	$	114,935
Judicial administration		4,768
Public safety		322,888
Public works		519,471
Health and welfare		20,449
Parks, recreation and cultural		26,070
Community development		4,501
Subtotal depreciation expense - governmental activities	$	1,013,082
Depreciation on joint tenancy assets - school board	$	1,426,329
Total Governmental activities	$	2,439,411
Component Unit School Board:		
Depreciation expense	$	906,228
Depreciation on joint tenancy assets		230,833
Total Component Unit School Board	$	1,137,061

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, 2010, is that school financed assets in the amount of $57,053,173 are reported in the Primary Government for financial reporting purposes.

Note 8—Long-Term Obligations:

Primary Government:

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

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	$ 825,347	$ 10,260	$ -	$ 835,607	$ 83,560
Other post-employment benefits obligation	25,500	42,309	16,800	51,009	-
Landfill postclosure costs	540,031	3,780	-	543,811	-
General obligation bonds	1,088,033	-	249,954	838,079	259,788
Revenue bond	985,995	-	63,773	922,222	62,261
Capital leases	1,313,849	-	358,210	955,639	373,387
Note payable	838,822	-	31,728	807,094	33,490
Total incurred by County	$ 5,617,577	$ 56,349	$ 720,465	$ 4,953,461	$ 812,486
Incurred by School Board:					
State Literary Fund Loans payable	$ 7,000,161	$ -	$ 466,670	$ 6,533,491	$ 466,670
General obligation bonds payable	52,544,118	-	2,014,436	50,529,682	2,097,608
Total incurred by School Board	$ 59,544,279	$ -	$ 2,481,106	$ 57,063,173	$ 2,564,278
Premium on bond issuance	1,645,145	-	163,774	1,481,371	157,325
Total incurred by School Board-Financial Statement Presentation	$ 61,189,424	$ -	$ 2,644,880	$ 58,544,544	$ 2,721,603
Total Governmental Obligations	$ 66,807,001	$ 56,349	$ 3,365,345	$ 63,498,005	$ 3,534,089

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations: General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Capital Leases Principal	Capital Leases Interest	Note Payable Principal	Note Payable Interest
2011	$ 259,788	$ 28,963	$ 62,261	$ 34,583	$ 373,387	$ 36,706	$ 33,490	$ 36,054
2012	43,494	21,683	64,596	32,249	143,749	22,509	34,372	34,696
2013	45,125	20,052	67,018	29,826	125,118	16,180	36,135	33,286
2014	46,817	18,360	69,532	27,313	130,527	10,770	37,016	31,800
2015	48,573	16,604	72,139	24,706	136,171	5,127	38,778	30,222
2016	50,394	14,783	74,844	22,000	46,687	412	40,541	28,547
2017	52,284	12,893	77,651	19,194	-	-	42,304	26,776
2018	54,244	10,932	80,563	16,282	-	-	44,066	24,896
2019	56,279	8,898	83,584	13,261	-	-	45,829	22,896
2020	58,389	6,788	86,718	10,126	-	-	48,473	20,774
2021	60,579	4,598	89,970	6,874	-	-	50,236	18,428
2022	62,113	2,327	93,346	3,500	-	-	52,880	15,982
2023	-	-	-	-	-	-	55,523	13,515
2024	-	-	-	-	-	-	58,167	10,900
2025	-	-	-	-	-	-	60,811	8,042
2026	-	-	-	-	-	-	63,455	4,935
2027	-	-	-	-	-	-	65,018	1,676
Total	$ 838,079	$ 166,881	$ 922,222	$ 239,914	$ 955,639	$ 91,704	$ 807,094	$ 363,425

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30,	Incurred by School Board			
	Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2011	$ 2,097,608	$ 2,417,664	$ 466,670	$ 121,336
2012	2,196,206	2,307,757	466,670	112,003
2013	2,285,255	2,194,580	466,670	102,670
2014	2,384,778	2,078,544	466,670	93,336
2015	2,469,799	1,955,490	466,670	84,003
2016	2,590,344	1,826,456	466,670	74,669
2017	2,711,442	1,691,260	466,670	65,336
2018	2,846,095	1,551,517	466,670	56,003
2019	2,979,485	1,406,661	466,670	56,003
2020	3,118,537	1,254,642	466,670	46,669
2021	3,267,990	1,095,335	466,670	37,336
2022	3,413,489	933,830	466,670	28,002
2023	3,564,581	769,619	466,670	18,669
2024	3,730,870	599,880	466,781	9,336
2025	3,892,866	423,655	-	-
2026	4,065,754	239,408	-	-
2027	2,914,583	72,948	-	-
Total	$ 50,529,682	$ 22,819,246	$ 6,533,491	$ 905,371

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

		Amount Outstanding
Revenue Bond:		
$985,995 Lease Revenue Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the $1,500,000 Offfice Facility Revenue Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of $99,100	$	922,222
General Obligation Bonds - Incurred by Primary Government:		
$663,075 General Obligation Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the $1,000,000 Office Facility General Obligation Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of $66,067	$	620,139
$1,750,000 General Obligation Bonds, Series 2000 (Continuing Education Center) dated September 29, 2000 due in annual principal installments through September 15, 2010 with interest payable semi-annually, interest at 5.25%.		217,940
Total General Obligation Bonds - Incurred by Primary Government	$	838,079
General Obligation Bonds - Incurred by School Board:		
$590,000 School Bonds, issued November 22, 1994 through the Virginia Public School Authority, due in annual installments each July 15, through 2014, interest payable semi-annually at rates ranging from 6.1% to 6.6%.		110,000
$360,000 School Bonds, issued by the City of South Boston, fall 1993, through the Virginia Public School Authority, due in annual installments each December 15th through 2011, interest payable semi-annually at an average interest rate of 4.7%.		10,000
$16,615,000 School Bonds, issued November 10, 2005, through the Virginia Public School Authority, due in annual installments each July 15 through 2025, interest payable semi-annually at rates ranging from 4.6% to 5.1%.		14,475,000
$31,030,000 School Bonds, issued May 11, 2006, through Virginia Public School Authority, due in annual installments each July 15 through 2027, interest payable semi-annually at rates ranging from 4.6% to 5.1%.		28,095,000

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

		Amount Outstanding
$8,920,992 School Bonds, issued November 9, 2006, through the Virginia Public School Authority due in annual installments each July 15 through 2026, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	$	7,839,682
Premium on bonds issued		1,481,371
Total General Obligation Bonds - Incurred by School Board	$	52,011,053
State Literary Fund Loans:		
$2,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	$	1,582,257
$4,000,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.		2,571,177
$3,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.		2,380,057
Total State Literary Fund Loans	$	6,533,491
Capital Lease Obligations:		
$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%.	$	673,398
$1,150,000 public facility lease financing dated November 1, 2005 with Branch Banking & Trust, due in monthly installments of $11,775 through November 2015, includes interest at 4.24%.		282,241
Total Capital Lease Obligations	$	955,639
Note Payable:		
$900,000 note payable to the Town of South Boston for the Prizery renovations. Interest payable annually at a rate of 1.94% through 2007. Principal balloons and payable on May 27, 2007.	$	807,094
Compensated absences payable	$	835,607
Other post-employment benefits obligation	$	51,009
Accrued landfill postclosure care costs	$	543,811
Total long-term indebtedness	$	63,498,005

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Defeased Debt - Current Refundings

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

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

The following is a summary of long-term debt transactions of the Component Units for the year ended June 30, 2010:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Component Unit—School Board:					
Compensated absences payable	$ 1,247,062	$ 103,922	$ -	$ 1,350,984	$ 135,098
Other post-employment benefits obligation	49,600	223,117	173,500	99,217	-
Total obligations	$ 1,296,662	$ 327,039	$ 173,500	$ 1,450,201	$ 135,098
Component Unit—Library:					
Other post-employment benefits obligation	$ 1,100	$ 1,200	$ 100	$ 2,200	$ 1,100
Total obligations	$ 1,100	$ 1,200	$ 100	$ 2,200	$ 1,100

Details of Long-Term Indebtedness:

Other post-employment benefits obligation	$ 2,200

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 $543,811 reported as landfill postclosure care liability at June 30, 2010, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The County intends to fund these costs from tipping fee revenues and from any fund accumulated for this purpose including available bond issue proceeds in the County Capital Projects Fund. The County demonstrates financial assurance for potential corrective action costs of $1,000,000. The County also has demonstrated financial assurance requirements for closure and postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA-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 9VA-20-70 of the Virginia Administrative Code for the County's allocable portion of the future liability. In addition to the landfill owned and operated by the County, the County participates in 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 9VA-20-70 of the Virginia Administrative Code for the County's allocable portion of the future liability.

Note 10—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling $10,449,804 is comprised of the following:

Property taxes receivable – unearned (1st Half FY 2011)	$	7,038,320
Property taxes receivable – unavailable		2,313,425
Advance collection of 2010-2011 property taxes – unearned		1,098,059
Total deferred revenue – governmental funds (Exhibit 3)	$	10,449,804

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.

Note 12—Litigation:

At June 30, 2010, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 13—Risk Management:

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

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

Note 14—Defined Benefit Pension Plan:

Primary Government:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. The County has elected to assume the 5.00% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was 7.39% of annual covered payroll.

Discretely Presented Component Unit – School Board (Non-professional)

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. The County has elected to assume the 5.00% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2010 was 9.38% of annual covered payroll.

Note 14—Defined Benefit Pension Plan: (Continued)

Primary Government: (Continued)

C. Annual Pension Cost

Primary Government

For fiscal year 2010, the County's annual pension cost of $560,778 was equal to the County's required and actual contributions (does not include employee share in the amount of $379,417 which was assumed by the County).

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, 2008	$	521,328	100%	-
June 30, 2009		548,870	100%	-
June 30, 2010		560,778	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's 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 unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

Discretely Presented Component Unit – School Board (Non-professional)

For fiscal year 2010, the School Board's annual pension cost of $295,914 was equal to the School Board's required and actual contributions (does not include employee share in the amount of $157,737 which was assumed by the School Board).

Three-Year Trend Information for School Board - Discretely Presented Component Unit

Fiscal Year Ending		Annual Pension Cost (APC) (1)	Percentage of APC Contributed		Net Pension Obligation
June 30, 2008	$	315,531	100%	$	-
June 30, 2009		309,991	100%		-
June 30, 2010		295,914	100%		-

(1) Employer portion only

Note 14—Defined Benefit Pension Plan: (Continued)

Primary Government: (Continued)

C. Annual Pension Cost: (Continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the 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. School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2009, the most recent actuarial valuation date, the plan was 90.96% funded. The actuarial accrued liability for benefits was $28,728,207, and the actuarial value of assets was $26,131,692, resulting in an unfunded actuarial accrued liability (UAAL) of $2,596,515. The covered payroll (annual payroll of active employees covered by the plan) was $7,763,371, and ratio of the UAAL to the covered payroll was 33.45%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Discretely Presented Component Unit – School Board (Non-professional)

As of June 30, 2009, the most recent actuarial valuation date, the plan was 89.18% funded. The actuarial accrued liability for benefits was $11,871,844, and the actuarial value of assets was $10,587,430, resulting in an unfunded actuarial accrued liability (UAAL) of $1,284,414. The covered payroll (annual payroll of active employees covered by the plan) was $3,309,277, and ratio of the UAAL to the covered payroll was 38.81%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 14—Defined Benefit Pension Plan: (Continued)

E. Professional Employees - Discretely Presented Component Unit School Board:

Plan Description

The Halifax County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required to contribute 5.00% of their annual covered salary and Halifax County School Board is required to contribute at an actuarially determined rate. The current rate is 8.81% of annual covered payroll. The contribution requirements of plan members and Halifax County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2010, 2009, and 2008 were $3,390,977, $2,631,273, and $3,048,160 respectively, equal to the required contributions for each year.

Note 15—Surety Bonds:

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

Note 16—Designated Fund Balances:

Fund balances of the School Board Component Unit's funds are designated as follows:

Component Unit School Board:		
School Cafeteria	$	293,437
School Textbook		1,089,434
School Capital Projects		1,710,525
Total Component Unit School Board	$	3,093,396

Note 17—Fund Balance Designations:

The following funds reported designated fund balances for the following subsequent expenditures:

	General Fund	William Tuck Airport	County Capital Projects	State and Federal Grants Fund	Total
Long-term debt obligations	$ 6,932,125	$ -	$ -	$ -	$ 6,932,125
Asset forfeiture funds	107,991	-	-	-	107,991
E-911 operations	231,872	-	-	-	231,872
Self-insurance expenditures	285,325	-	-	-	285,325
Airport operations	-	595,412	-	-	595,412
Courthouse maintenance	102,785	-	-	-	102,785
Capital projects	-	-	133,207	372,022	505,229
Total designated	$ 7,660,098	$ 595,412	$ 133,207	$ 372,022	$ 8,760,739

Note 18—Other Post-Employment Benefits Program:

Background

In fiscal year 2009, the County, including the component units, implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees (except where reported separately, the County includes the discretely presented component units; School Board, Industrial Development Authority "IDA" and Regional Library). This standard addresses how local governments should account for and report their costs related to post-employment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

Note 18—Other Post-Employment Benefits Program: (Continued)

Plan Description

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

A. Funding Policy:

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

B. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits for the County, School Board, and Library was $42,309, $223,117, $1,200, respectively, for fiscal year 2010. The County and component units have paid $16,800, $173,500, and $100, 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 unit's (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	$ 42,300	$ 223,100	$ 1,200
Interest on net OPEB obligation	1,084	2,108	47
Adjustment to annual required contribution	(1,075)	(2,091)	(47)
Annual OPEB cost (expense)	$ 42,309	$ 223,117	$ 1,200
Estimated contributions made	(16,800)	(173,500)	(100)
Increase in net OPEB obligation	$ 25,509	$ 49,617	$ 1,100
Net OPEB obligation, beginning of year	25,500	49,600	1,100
Net OPEB obligation, end of year	$ 51,009	$ 99,217	$ 2,200

Note 18—Other Post-Employment Benefits Program: (Continued)

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

For 2010, the County's, School Board's, and Library's expected cash payments of $16,800, $173,500, and $100, respectively was $25,509, $49,617, $1,100 less than the OPEB cost, respectively. The County's and component unit's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and 2009 are as follows:

County:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 42,300	40%	$ 25,500
June 30, 2010	42,309	40%	$ 51,009

School Board:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 223,100	78%	$ 49,600
June 30, 2010	223,117	56%	$ 99,217

Regional Library:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 1,200	8%	$ 1,100
June 30, 2010	1,200	8%	$ 2,200

Note 18—Other Post-Employment Benefits Program: (Continued)

C. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 (based on July 1, 2008 valuation) is as follows:

	County	School Board	Regional Library
Actuarial accrued liability (AAL)	$ 411,100	$ 2,632,600	$ 11,400
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	411,100	2,632,600	11,400
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, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

D. Actuarial Methods and Assumptions

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

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-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, 2008 was 30 years.

Note 18—Other Post-Employment Benefits Program: (Continued)

D. Actuarial Methods and Assumptions: (Continued)

Cost Method

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

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

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

Assumptions

Discount rate (unfunded)	4.25%
Amortization payment increase rate	2.50%
Amortization period	30 years
Health care trend rates	10%

Note 19—Note Receivable:

During fiscal year 2010 the County approved and executed a loan to the Halifax County IDA in the amount of $400,000. The actual amount loaned to the Halifax IDA was $398,755. The note is to be paid by the Halifax IDA in equal installments of $10,221.87 with interest at 4%. Payments will be received, commencing February 21, 2011 with a final payment received July 21, 2014.

Year Ending June 30,	Principal	Interest
2011	$ 44,740	$ 6,369
2012	110,463	12,200
2013	114,963	7,700
2014	119,647	3,016
2015	10,188	34
Total	$ 400,000	$ 29,319

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Required Supplementary Information

Note to Required Supplementary Information:

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

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General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	$ 24,084,063	$ 24,084,063	$ 23,509,675	$ (574,388)
Other local taxes	4,831,775	4,833,255	4,686,780	(146,475)
Permits, privilege fees, and regulatory licenses	131,000	131,000	130,416	(584)
Fines and forfeitures	20,000	20,000	62,043	42,043
Revenue from the use of money and property	536,630	536,630	344,830	(191,800)
Charges for services	451,217	451,217	503,294	52,077
Miscellaneous	183,646	183,646	887,556	703,910
Recovered costs	125,328	125,328	124,571	(757)
Intergovernmental revenues:				
Commonwealth	4,761,440	6,250,554	5,689,556	(560,998)
Federal	22,664	370,373	528,000	157,627
Total revenues	$ 35,147,763	$ 36,986,066	$ 36,466,721	$ (519,345)
EXPENDITURES				
Current:				
General government administration	$ 2,256,555	$ 2,715,134	$ 2,630,693	$ 84,441
Judicial administration	1,340,528	1,361,719	1,318,184	43,535
Public safety	6,792,120	7,173,506	6,916,108	257,398
Public works	3,208,745	3,211,022	3,175,611	35,411
Health and welfare	397,903	397,903	353,399	44,504
Education	13,305,122	13,305,122	12,407,968	897,154
Parks, recreation, and cultural	523,980	511,258	579,207	(67,949)
Community development	1,702,916	1,731,084	2,056,201	(325,117)
Nondepartmental	239,000	499,650	418,979	80,671
Debt service:				
Principal retirement	3,140,443	3,140,443	3,064,051	76,392
Interest and other fiscal charges	2,818,758	2,818,758	2,805,448	13,310
Total expenditures	$ 35,726,070	$ 36,865,599	$ 35,725,849	$ 1,139,750
Excess (deficiency) of revenues over (under) expenditures	$ (578,307)	$ 120,467	$ 740,872	$ 620,405
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (1,770,985)	$ (1,822,374)	$ (1,417,389)	$ 404,985
Sale of capital asset	56,000	71,309	173,000	101,691
Total other financing sources and uses	$ (1,714,985)	$ (1,751,065)	$ (1,244,389)	$ 506,676
Net change in fund balances	$ (2,293,292)	$ (1,630,598)	$ (503,517)	$ 1,127,081
Fund balances - beginning	2,293,292	1,630,598	15,314,892	13,684,294
Fund balances - ending	$ -	$ -	$ 14,811,375	$ 14,811,375

Virginia Public Assistance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	$ -	$ -	$ 205,084	$ 205,084
Intergovernmental revenues:				
Commonwealth	3,981,371	3,981,371	3,416,878	(564,493)
Federal	2,286,210	2,286,210	2,445,867	159,657
Total revenues	$ 6,267,581	$ 6,267,581	$ 6,067,829	$ (199,752)
EXPENDITURES				
Current:				
Health and welfare	$ 7,938,392	$ 7,938,392	$ 7,380,570	$ 557,822
Total expenditures	$ 7,938,392	$ 7,938,392	$ 7,380,570	$ 557,822
Excess (deficiency) of revenues over (under) expenditures	$ (1,670,811)	$ (1,670,811)	$ (1,312,741)	$ 358,070
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,670,811	$ 1,670,811	$ 1,312,741	$ (358,070)
Total other financing sources and uses	$ 1,670,811	$ 1,670,811	$ 1,312,741	$ (358,070)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Required Supplementary Information
Schedule of Pension Funding Progress - Virginia Retirement System

County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	$ 26,131,692	$ 28,728,207	$ 2,596,515	90.96%	$ 7,763,371	33.45%
6/30/2008	25,471,675	26,588,906	1,117,231	95.80%	7,111,534	15.71%
6/30/2007	22,936,627	24,503,320	1,566,693	93.61%	6,597,247	23.75%

School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	$ 10,587,430	$ 11,871,844	$ 1,284,414	89.18%	$ 3,309,277	38.81%
6/30/2008	10,214,217	11,264,994	1,050,777	90.67%	3,216,075	32.67%
6/30/2007	9,129,114	10,824,922	1,695,808	84.33%	3,034,260	55.89%

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

County:

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

School Board:

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

Regional Library:

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

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, 2010

	County Capital Projects Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth	$ -	$ -	$ -	$ -
Federal	-	-	-	-
Total revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital projects	$ -	$ 51,389	$ 104,648	$ (53,259)
Total expenditures	$ -	$ 51,389	$ 104,648	$ (53,259)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (51,389)	$ (104,648)	$ (53,259)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 51,389	$ 104,648	$ 53,259
Total other financing sources and uses	$ -	$ 51,389	$ 104,648	$ 53,259
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	133,207	133,207
Fund balances - ending	$ -	$ -	$ 133,207	$ 133,207

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

		Special Revenue Funds		Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$	942,074	$	942,074
Due from other governmental units		27,342		27,342
Total assets	$	969,416	$	969,416
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$	1,982	$	1,982
Total liabilities	$	1,982	$	1,982
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	$	967,434	$	967,434
Total fund balances	$	967,434	$	967,434
Total liabilities and fund balances	$	969,416	$	969,416

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES		
Revenue from the use of money and property	$ 66,444	$ 66,444
Miscellaneous	11,405	11,405
Intergovernmental revenues:		
Commonwealth	564,077	564,077
Federal	297,170	297,170
Total revenues	$ 939,096	$ 939,096
EXPENDITURES		
Current:		
Judicial administration	$ 101,041	$ 101,041
Public safety	481,231	481,231
Parks, recreation, and cultural	5,000	5,000
Community development	330,861	330,861
Debt service:		
Principal retirement	14,324	14,324
Interest and other fiscal charges	1,200	1,200
Total expenditures	$ 933,657	$ 933,657
Excess (deficiency) of revenues over (under) expenditures	$ 5,439	$ 5,439
Net change in fund balances	$ 5,439	$ 5,439
Fund balances - beginning	961,995	961,995
Fund balances - ending	$ 967,434	$ 967,434

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
ASSETS			
Cash and cash equivalents	$ 346,662	$ 595,412	$ 942,074
Due from other governmental units	27,342	-	27,342
Total assets	$ 374,004	$ 595,412	$ 969,416
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,982	$ -	$ 1,982
Total liabilities	$ 1,982	$ -	$ 1,982
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	$ 372,022	$ 595,412	$ 967,434
Total fund balances	$ 372,022	$ 595,412	$ 967,434
Total liabilities and fund balances	$ 374,004	$ 595,412	$ 969,416

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
REVENUES			
Revenue from the use of money and property	$ -	$ 66,444	$ 66,444
Miscellaneous	11,405	-	11,405
Intergovernmental revenues:			
Commonwealth	564,077	-	564,077
Federal	297,170	-	297,170
Total revenues	$ 872,652	$ 66,444	$ 939,096
EXPENDITURES			
Current:			
Judicial administration	$ 101,041	$ -	$ 101,041
Public safety	481,231	-	481,231
Parks, recreation, and cultural	5,000	-	5,000
Community development	281,352	49,509	330,861
Debt service:			
Principal retirement	-	14,324	14,324
Interest and other fiscal charges	-	1,200	1,200
Total expenditures	$ 868,624	$ 65,033	$ 933,657
Excess (deficiency) of revenues over (under) expenditures	$ 4,028	$ 1,411	$ 5,439
Net change in fund balances	$ 4,028	$ 1,411	$ 5,439
Fund balances - beginning	367,994	594,001	961,995
Fund balances - ending	$ 372,022	$ 595,412	$ 967,434

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	State and Federal Grants Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ -	$ -
Miscellaneous	-	-	11,405	11,405
Intergovernmental revenues:				
Commonwealth	502,818	560,136	564,077	3,941
Federal	-	-	297,170	297,170
Total revenues	$ 502,818	$ 560,136	$ 872,652	$ 312,516
EXPENDITURES				
Current:				
Judicial administration	$ 53,308	$ 54,682	$ 101,041	$ (46,359)
Public safety	435,010	490,954	481,231	9,723
Parks, recreation, and cultural	5,000	5,000	5,000	-
Community development	64,074	64,074	281,352	(217,278)
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	$ 557,392	$ 614,710	$ 868,624	$ (253,914)
Excess (deficiency) of revenues over (under) expenditures	$ (54,574)	$ (54,574)	$ 4,028	$ 58,602
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 54,574	$ 54,574	$ -	$ (54,574)
Total other financing sources and uses	$ 54,574	$ 54,574	$ -	$ (54,574)
Net change in fund balances	$ -	$ -	$ 4,028	$ 4,028
Fund balances - beginning	-	-	367,994	367,994
Fund balances - ending	$ -	$ -	$ 372,022	$ 372,022

William M. Tuck Airport Fund

Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
$ 32,400	$ 32,400	$ 66,444	$ 34,044
-	-	-	-
-	-	-	-
-	-	-	-
$ 32,400	$ 32,400	$ 66,444	$ 34,044
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
62,475	62,475	49,509	12,966
14,325	14,325	14,324	1
1,200	1,200	1,200	-
$ 78,000	$ 78,000	$ 65,033	$ 12,967
$ (45,600)	$ (45,600)	$ 1,411	$ 47,011
$ 45,600	$ 45,600	$ -	$ (45,600)
$ 45,600	$ 45,600	$ -	$ (45,600)
$ -	$ -	$ 1,411	$ 1,411
-	-	594,001	594,001
$ -	$ -	$ 595,412	$ 595,412

Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Agency Funds			
	Special Welfare	Halifax County War Memorial	Heritage Festival	Total
ASSETS				
Cash and cash equivalents	$ 15,520	$ 14,943	$ 56,358	$ 86,821
LIABILITIES				
Accrued liabilities	$ -	$ 14,943	$ -	$ 14,943
Amounts held for social services clients	15,520	-	-	15,520
Amounts held for other organizations	-	-	56,358	56,358
Total liabilities	$ 15,520	$ 14,943	$ 56,358	$ 86,821

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	$ 13,563	$ 126,321	$ 124,364	$ 15,520
Liabilities:				
Amounts held for social service clients	$ 13,563	$ 126,321	$ 124,364	$ 15,520
Heritage Festival Fund:				
Assets:				
Cash and cash equivalents	$ 53,099	$ 32,054	$ 28,795	$ 56,358
Liabilities:				
Amounts held for other organizations	$ 53,099	$ 32,054	$ 28,795	$ 56,358
Halifax County War Memorial:				
Assets:				
Cash and cash equivalents	$ 16,993	$ -	$ 2,050	$ 14,943
Liabilities:				
Accrued liabilities	$ 16,993	$ -	$ 2,050	$ 14,943
Southside Community Services Board Fund:				
Assets:				
Cash and cash equivalents	$ -	$ 3,116,883	$ 3,116,883	$ -
Liabilities:				
Amounts held for other organizations	$ -	$ 3,116,883	$ 3,116,883	$ -
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	$ 83,655	$ 3,275,258	$ 3,272,092	$ 86,821
Liabilities:				
Amounts held for social service clients	$ 13,563	$ 126,321	$ 124,364	$ 15,520
Accrued liabilities	16,993	-	2,050	14,943
Amounts held for other organizations	53,099	3,148,937	3,145,678	56,358
Total liabilities	$ 83,655	$ 3,275,258	$ 3,272,092	$ 86,821

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

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,156,493	$ 1,710,525	$ 1,517,257	$ 7,384,275
Due from other governmental units	3,753,414	-	-	3,753,414
Prepaid items	625,016	-	-	625,016
Total assets	$ 8,534,923	$ 1,710,525	$ 1,517,257	$ 11,762,705
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 76,839	$ -	$ -	$ 76,839
Accrued liabilities	4,156,463	-	134,386	4,290,849
Due to primary government	4,301,621	-	-	4,301,621
Total liabilities	$ 8,534,923	$ -	$ 134,386	$ 8,669,309
Fund balances:				
Unreserved:				
Designated for subsequent expenditures	$ -	$ 1,710,525	$ 1,382,871	$ 3,093,396
Total fund balances	$ -	$ 1,710,525	$ 1,382,871	$ 3,093,396
Total liabilities and fund balances	$ 8,534,923	$ 1,710,525	$ 1,517,257	$ 11,762,705

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

Total fund balances per above		$ 3,093,396
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 36,730,125	
Less: accumulated depreciation	(19,593,028)	17,137,097
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Other post-employment benefits	(99,217)	
Compensated absences	(1,350,984)	(1,450,201)
Net assets of governmental activities		$ 18,780,292

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2010

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 2,293	$ 2,293
Charges for services	-	-	1,628,106	1,628,106
Miscellaneous	1,682,725	-	-	1,682,725
Intergovernmental revenues:				
Local government	12,373,846	-	-	12,373,846
Commonwealth	35,454,106	496,816	22,530	35,973,452
Federal	8,634,388	-	2,052,880	10,687,268
Total revenues	$ 58,145,065	$ 496,816	$ 3,705,809	$ 62,347,690
EXPENDITURES				
Current:				
Education	$ 58,095,143	$ -	$ 3,196,856	$ 61,291,999
Capital projects	-	-	-	-
Debt service:				
Principal retirement	40,000	-	-	40,000
Interest and other fiscal charges	9,922	-	-	9,922
Total expenditures	$ 58,145,065	$ -	$ 3,196,856	$ 61,341,921
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 496,816	$ 508,953	$ 1,005,769
Net change in fund balances	$ -	$ 496,816	$ 508,953	$ 1,005,769
Fund balances - beginning	-	1,213,709	873,918	2,087,627
Fund balances - ending	$ -	$ 1,710,525	$ 1,382,871	$ 3,093,396

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		$ 1,005,769
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.		
Capital asset additions	$ 359,021	
Net transfer of joint tenancy assets	2,471,106	
Depreciation expense	(1,137,061)	1,693,066
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.		(153,537)
Change in net assets of governmental activities		$ 2,545,298

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, 2010

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Miscellaneous	$ 1,355,000	$ 1,355,000	$ 1,682,725	$ 327,725
Intergovernmental revenues:				
Local government	13,256,000	13,256,000	12,373,846	(882,154)
Commonwealth	38,080,899	38,080,899	35,454,106	(2,626,793)
Federal	7,465,431	7,465,431	8,634,388	1,168,957
Total revenues	$ 60,157,330	$ 60,157,330	$ 58,145,065	$ (2,012,265)
EXPENDITURES				
Current:				
Education	$ 60,104,938	$ 60,104,938	$ 58,095,143	$ 2,009,795
Capital projects	-	-	-	-
Debt service:				
Principal retirement	40,000	40,000	40,000	-
Interest and other fiscal charges	12,392	12,392	9,922	2,470
Total expenditures	$ 60,157,330	$ 60,157,330	$ 58,145,065	$ 2,012,265
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

School Capital Projects Fund							
Budgeted Amounts							Variance with Final Budget Positive
Original		Final		Actual		(Negative)	
$	-	$	-	$	-	$	-
	-		-		-		-
	-		-		496,816		496,816
	-		-		-		-
$	-	$	-	$	496,816	$	496,816
$	-	$	-	$	-	$	-
	-		-		-		-
	-		-		-		-
	-		-		-		-
$	-	$	-	$	-	$	-
$	-	$	-	$	496,816	$	496,816
$	-	$	-	$	496,816	$	496,816
	-		-		1,213,709		1,213,709
$	-	$	-	$	1,710,525	$	1,710,525

Combining Balance Sheet
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
June 30, 2010

	School Cafeteria Fund	School Textbook Fund	Total
ASSETS			
Cash and cash equivalents	$ 427,823	$ 1,089,434	$ 1,517,257
Due from other governmental units	-	-	-
Total assets	$ 427,823	$ 1,089,434	$ 1,517,257
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued liabilities	$ 134,386	$ -	$ 134,386
Total liabilities	$ 134,386	$ -	$ 134,386
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	$ 293,437	$ 1,089,434	$ 1,382,871
Total fund balances	$ 293,437	$ 1,089,434	$ 1,382,871
Total liabilities and fund balances	$ 427,823	$ 1,089,434	$ 1,517,257

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, 2010

	School Cafeteria Fund	School Textbook Fund	Total
REVENUES			
Revenue from the use of money and property	$ 70	$ 2,223	$ 2,293
Charges for services	1,089,071	539,035	1,628,106
Intergovernmental revenues:			
Commonwealth	22,530	-	22,530
Federal	2,052,880	-	2,052,880
Total revenues	$ 3,164,551	$ 541,258	$ 3,705,809
EXPENDITURES			
Current:			
Education	$ 3,065,094	$ 131,762	$ 3,196,856
Total expenditures	$ 3,065,094	$ 131,762	$ 3,196,856
Excess (deficiency) of revenues over (under) expenditures	$ 99,457	$ 409,496	$ 508,953
Net change in fund balances	$ 99,457	$ 409,496	$ 508,953
Fund balances - beginning	193,980	679,938	873,918
Fund balances - ending	$ 293,437	$ 1,089,434	$ 1,382,871

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, 2010

	School Cafeteria Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 70	$ 70
Charges for services	1,000,000	1,000,000	1,089,071	89,071
Intergovernmental revenues:				
Commonwealth	-	-	22,530	22,530
Federal	1,850,000	1,850,000	2,052,880	202,880
Total revenues	$ 2,850,000	$ 2,850,000	$ 3,164,551	$ 314,551
EXPENDITURES				
Current:				
Education	$ 2,850,000	$ 2,850,000	$ 3,065,094	$ (215,094)
Total expenditures	$ 2,850,000	$ 2,850,000	$ 3,065,094	$ (215,094)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 99,457	$ 99,457
Net change in fund balances	$ -	$ -	$ 99,457	$ 99,457
Fund balances - beginning	-	-	193,980	193,980
Fund balances - ending	$ -	$ -	$ 293,437	$ 293,437

School Textbook Fund			
Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)
$ -	$ -	$ 2,223	$ 2,223
-	-	539,035	539,035
-	-	-	-
-	-	-	-
$ -	$ -	$ 541,258	$ 541,258
$ -	$ -	$ 131,762	$ (131,762)
$ -	$ -	$ 131,762	$ (131,762)
$ -	$ -	$ 409,496	$ 409,496
$ -	$ -	$ 409,496	$ 409,496
		679,938	679,938
$ -	$ -	$ 1,089,434	$ 1,089,434

Balance Sheet
Discretely Presented Component Unit - Regional Library
June 30, 2010

	Regional Library
ASSETS	
Cash and cash equivalents	$ 24,720
Total assets	$ 24,720
LIABILITIES AND FUND BALANCES	
Fund balances:	
Unreserved:	
Designated for subsequent expenditure	$ 24,720
Total fund balances	$ 24,720
Total liabilities and fund balances	$ 24,720
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	$ 24,720
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,200)
Net assets of governmental activities	$ 22,520

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit - Regional Library
For the Year Ended June 30, 2010

		Regional Library
REVENUES		
Charges for services	$	25,410
Miscellaneous		14,630
Intergovernmental revenues:		
Local government		282,000
Commonwealth		131,154
Total revenues	$	453,194
EXPENDITURES		
Current:		
Parks, recreation, and cultural	$	462,728
Total expenditures	$	462,728
Excess (deficiency) of revenues over (under) expenditures	$	(9,534)
Net change in fund balances	$	(9,534)
Fund balances - beginning		34,254
Fund balances - ending	$	24,720

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	$	(9,534)
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.		(1,100)
Change in net assets of governmental activities	$	(10,634)

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

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	$ 10,779,839	$ 10,779,839	$ 11,271,562	$ 491,723
Real and personal public service corporation taxes	4,595,000	4,595,000	4,935,346	340,346
Personal property taxes	6,763,262	6,763,262	5,318,916	(1,444,346)
Mobile home taxes	84,831	84,831	85,596	765
Machinery and tools taxes	1,461,131	1,461,131	1,321,076	(140,055)
Penalties and administrative fees	275,000	275,000	373,284	98,284
Interest	125,000	125,000	203,895	78,895
Total general property taxes	$ 24,084,063	$ 24,084,063	$ 23,509,675	$ (574,388)
Other local taxes:				
Local sales and use taxes	$ 2,800,000	$ 2,800,000	$ 2,486,546	$ (313,454)
Consumers' utility taxes	850,000	850,000	878,586	28,586
E-911 telephone taxes	-	1,480	26,281	24,801
Utility consumption tax	100,000	100,000	104,922	4,922
Business license taxes	200,000	200,000	176,419	(23,581)
Utility license taxes	75,000	75,000	59,521	(15,479)
Motor vehicle licenses	526,775	526,775	661,644	134,869
Taxes on recordation and wills	200,000	200,000	158,759	(41,241)
Hotel and motel room taxes	80,000	80,000	134,102	54,102
Total other local taxes	$ 4,831,775	$ 4,833,255	$ 4,686,780	$ (146,475)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 40,000	$ 40,000	$ 41,005	$ 1,005
Transfer fees	1,000	1,000	1,004	4
Permits and other licenses	90,000	90,000	88,407	(1,593)
Total permits, privilege fees, and regulatory licenses	$ 131,000	$ 131,000	$ 130,416	$ (584)
Fines and forfeitures:				
Court fines and forfeitures	$ 20,000	$ 20,000	$ 62,043	$ 42,043
Revenue from use of money and property:				
Revenue from use of money	$ 250,000	$ 250,000	$ 38,205	$ (211,795)
Revenue from use of property	286,630	286,630	306,625	19,995
Total revenue from use of money and property	$ 536,630	$ 536,630	$ 344,830	$ (191,800)
Charges for services:				
Charges for law library	$ 8,500	$ 8,500	$ 15,108	$ 6,608
Charges for law enforcement and traffic control	2,717	2,717	4,005	1,288
Charges for courthouse maintenance	22,300	22,300	40,419	18,119
Charges for courthouse security	45,000	45,000	60,138	15,138
Charges for commonwealth's attorney	1,500	1,500	1,260	(240)
Miscellaneous dog fees	7,000	7,000	6,197	(803)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (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	$ 151,200	$ 151,200	$ 182,283	$ 31,083
Charges for parks and recreation	4,000	4,000	4,136	136
Charges for PSA administration	60,000	60,000	60,000	-
Other charges for services	149,000	149,000	129,748	(19,252)
Total charges for services	$ 451,217	$ 451,217	$ 503,294	$ 52,077
Miscellaneous revenue:				
Miscellaneous	$ -	$ -	$ 693,771	$ 693,771
School board reimbursements	83,646	83,646	62,735	(20,911)
County fair revenue	100,000	100,000	131,050	31,050
Total miscellaneous revenue	$ 183,646	$ 183,646	$ 887,556	$ 703,910
Recovered costs:				
Soil & water conservation technician	$ 125,328	$ 125,328	$ 124,571	$ (757)
Total recovered costs	$ 125,328	$ 125,328	$ 124,571	$ (757)
Total revenue from local sources	$ 30,363,659	$ 30,365,139	$ 30,249,165	$ (115,974)
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 55,000	$ 55,000	$ 61,333	$ 6,333
Mobile home titling tax	75,000	75,000	42,096	(32,904)
Motor vehicle rental tax	4,650	4,650	2,502	(2,148)
State recordation tax	40,000	40,000	53,946	13,946
Personal property tax relief funds	1,503,000	1,503,000	1,503,234	234
Communications taxes	1,350,000	1,350,000	1,216,556	(133,444)
State reduction in aid to localities	-	-	(260,652)	(260,652)
Total noncategorical aid	$ 1,677,650	$ 3,027,650	$ 2,619,015	$ (408,635)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 578,507	$ 586,751	$ 422,782	$ (163,969)
Drug prosecutor	-	-	102,735	102,735
Sheriff	1,504,250	1,536,829	1,403,344	(133,485)
Commissioner of revenue	153,648	153,648	133,887	(19,761)
Treasurer	143,986	143,986	125,201	(18,785)
Medical examiner	1,500	1,500	-	(1,500)
Registrar/electoral board	54,233	54,233	104,061	49,828
Clerk of the Circuit Court	328,496	341,193	284,279	(56,914)
Total shared expenses	$ 2,764,620	$ 2,818,140	$ 2,576,289	$ (241,851)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Other categorical aid:				
Emergency services grants	$ 80,000	$ 148,306	$ 227,501	$ 79,195
Correctional facilities grant	83,302	83,302	82,536	(766)
Fire program funds	65,868	83,156	83,156	-
Other state funds	90,000	90,000	101,059	11,059
Total other categorical aid	$ 319,170	$ 404,764	$ 494,252	$ 89,488
Total categorical aid	$ 3,083,790	$ 3,222,904	$ 3,070,541	$ (152,363)
Total revenue from the Commonwealth	$ 4,761,440	$ 6,250,554	$ 5,689,556	$ (560,998)
Revenue from the federal government:				
Payments in lieu of taxes	$ 22,664	$ 22,664	$ 39,981	$ 17,317
Categorical aid:				
Emergency management performance grant	$ -	$ -	$ 12,196	$ 12,196
State homeland security program	-	-	25,550	25,550
ARRA - Edward Byrne memorial justice assistance grant	-	-	84,714	84,714
Public safety interoperable safety communications grant	-	347,709	347,708	(1)
State and community highway safety program	-	-	17,851	17,851
Total categorical aid	$ -	$ 347,709	$ 488,019	$ 140,310
Total revenue from the federal government	$ 22,664	$ 370,373	$ 528,000	$ 157,627
Total General Fund	$ 35,147,763	$ 36,986,066	$ 36,466,721	$ (519,345)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous	$ -	$ -	$ 205,084	$ 205,084
Total revenue from local sources	$ -	$ -	$ 205,084	$ 205,084
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	$ 1,461,676	$ 1,461,676	$ 1,483,810	$ 22,134
Comprehensive Services Act program	2,519,695	2,519,695	1,933,068	(586,627)
Total categorical aid	$ 3,981,371	$ 3,981,371	$ 3,416,878	$ (564,493)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 2,286,210	$ 2,286,210	$ 2,445,867	$ 159,657
Total categorical aid	$ 2,286,210	$ 2,286,210	$ 2,445,867	$ 159,657
Total Virginia Public Assistance Fund	$ 6,267,581	$ 6,267,581	$ 6,067,829	$ (199,752)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
State and Federal Grants Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 11,405	$ 11,405
Revenue from the Commonwealth:				
Categorical aid:				
Litter control grant	$ 15,000	$ 15,000	$ 15,017	$ 17
Community corrections board grant	435,010	490,954	491,877	923
Crime victims grant	50,308	51,682	54,683	3,001
Commission for the arts grant	2,500	2,500	2,500	-
Total categorical aid	$ 502,818	$ 560,136	$ 564,077	$ 3,941
Total revenue from the Commonwealth	$ 502,818	$ 560,136	$ 564,077	$ 3,941
Revenue from the federal government:				
Categorical aid:				
Community development block grant	$ -	$ -	$ 297,170	$ 297,170
Total revenue from the federal government	$ -	$ -	$ 297,170	$ 297,170
Total State and Federal Grants Fund	$ 502,818	$ 560,136	$ 872,652	$ 312,516
William M. Tuck Airport Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	$ 32,400	$ 32,400	$ 66,444	34,044
Total revenue from local sources	32,400	32,400	66,444	34,044
Total William M. Tuck Airport Fund	$ 32,400	$ 32,400	$ 66,444	$ 34,044
Total Primary Government	$ 41,950,562	$ 43,846,183	$ 43,473,646	$ (372,537)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	$ 1,355,000	$ 1,355,000	$ 1,682,725	$ 327,725
Total revenue from local sources	$ 1,355,000	$ 1,355,000	$ 1,682,725	$ 327,725
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Halifax, Virginia	$ 13,256,000	$ 13,256,000	$ 12,373,846	$ (882,154)
Total revenues from local governments	$ 13,256,000	$ 13,256,000	$ 12,373,846	$ (882,154)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 5,443,697	$ 5,443,697	$ 5,194,990	$ (248,707)
Basic school aid	19,995,626	19,995,626	18,568,645	(1,426,981)
Remedial summer education	185,713	185,713	218,737	33,024
Regular foster care	38,511	38,511	26,000	(12,511)
Gifted and talented	192,329	192,329	193,648	1,319
Remedial education	773,591	773,591	778,897	5,306
Enrollment loss	150,479	150,479	148,024	(2,455)
Special education	3,838,036	3,838,036	3,983,049	145,013
Textbook payment	506,552	506,552	-	(506,552)
Vocational standards of quality payments	758,311	758,311	542,215	(216,096)
Lottery invoice payments	194,189	194,189	-	(194,189)
Adult literacy	23,576	23,576	-	(23,576)
Fringe benefits	2,944,774	2,944,774	2,547,551	(397,223)
Early reading intervention	100,529	100,529	100,529	-
Homebound education	121,983	121,983	-	(121,983)
Comprehensive at risk	927,293	927,293	915,531	(11,762)
K-3 Primary class	843,820	843,820	821,776	(22,044)
Technology	310,000	310,000	97,957	(212,043)
At risk payments	603,504	603,504	603,504	-
English as a second language	28,092	28,092	25,251	(2,841)
Other state funds	100,294	100,294	687,802	587,508
Total categorical aid	$ 38,080,899	$ 38,080,899	$ 35,454,106	$ (2,626,793)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	$ 22,791	$ 22,791	$ 1,485,844	$ 1,463,053
Title I - ARRA		-	500,155	500,155
Title VI-B, special education flow-through	1,325,000	1,325,000	1,870,303	545,303
Title VI-B, special education flow-through - ARRA	-	-	61,923	61,923
Vocational education	-	-	114,853	114,853
Title VI-B, special education pre-school	-	-	104,791	104,791
Title VI-B, special education pre-school - ARRA		-	798	798
State fiscal stabilization funds	2,316,274	2,316,274	3,732,633	1,416,359
Drug free schools	-	-	11,225	11,225
English language acquisition grants	-	-	21,112	21,112
21st Century community learning	-	-	171,301	171,301
Title II, Part A; Improving teacher quality - state grants	-	-	431,077	431,077
Reading first state grant	201,366	201,366	111,025	(90,341)
Title II, Part D; Education technology state grants	-	-	17,348	17,348
Other federal funds	3,600,000	3,600,000	-	(3,600,000)
Total categorical aid	$ 7,465,431	$ 7,465,431	$ 8,634,388	$ 1,168,957
Total revenue from the federal government	7,465,431	7,465,431	8,634,388	1,168,957
Total School Operating Fund	$ 60,157,330	$ 60,157,330	$ 58,145,065	$ (2,012,265)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 70	$ 70
Charges for services:				
Cafeteria sales	$ 1,000,000	$ 1,000,000	$ 1,089,071	$ 89,071
Total revenue from local sources	$ 1,000,000	$ 1,000,000	$ 1,089,141	$ 89,141
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	$ -	$ -	$ 22,530	$ 22,530
Total revenue from the Commonwealth	$ -	$ -	$ 22,530	$ 22,530

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (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)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	$ 1,850,000	$ 1,850,000	$ 2,052,880	$ 202,880
Total revenue from the federal government	$ 1,850,000	$ 1,850,000	$ 2,052,880	$ 202,880
Total School Cafeteria Fund	$ 2,850,000	$ 2,850,000	$ 3,164,551	$ 314,551
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 2,223	$ 2,223
Charges for services:				
Textbook rentals	$ -	$ -	$ 539,035	$ 539,035
Total School Textbook Fund	$ -	$ -	$ 541,258	$ 541,258
Capital Projects Fund:				
School Capital Improvements Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
State construction funds	$ -	$ -	$ 496,816	$ 496,816
Total categorical aid	$ -	$ -	$ 496,816	$ 496,816
Total revenue from the Commonwealth	-	-	496,816	496,816
Total School Capital Improvements Fund	$ -	$ -	$ 496,816	$ 496,816
Total Discretely Presented Component Unit - School Board	$ 63,007,330	$ 63,007,330	$ 62,347,690	$ (659,640)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

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	$ 252,455	$ 333,630	$ 297,236	$ 36,394
General and financial administration:				
County administrator	$ 240,372	$ 612,787	$ 620,219	$ (7,432)
Legal services	80,000	80,000	109,499	(29,499)
Commissioner of revenue	419,402	419,433	431,505	(12,072)
Assessment	200,626	200,626	146,616	54,010
Treasurer	434,378	437,408	417,532	19,876
Central accounting	408,531	410,043	399,660	10,383
Independent auditor	60,000	60,000	52,662	7,338
Other general and financial administration	-	-	-	-
Total general and financial administration	$ 1,843,309	$ 2,220,297	$ 2,177,693	$ 42,604
Board of elections:				
Electoral board and officials	$ 68,638	$ 68,638	$ 63,134	$ 5,504
Registrar	92,153	92,569	92,630	(61)
Total board of elections	$ 160,791	$ 161,207	$ 155,764	$ 5,443
Total general government administration	$ 2,256,555	$ 2,715,134	$ 2,630,693	$ 84,441
Judicial administration:				
Courts:				
Circuit court	$ 33,922	$ 33,922	$ 52,482	$ (18,560)
General district court	16,000	16,000	13,078	2,922
Special magistrates	3,800	3,800	2,561	1,239
Juvenile and domestic relations district court	16,150	16,150	14,320	1,830
Law library	8,500	8,500	8,600	(100)
Courthouse security	-	-	43,795	(43,795)
Courthouse maintenance	22,300	22,300	-	22,300
Clerk of the circuit court	474,227	486,924	453,201	33,723
Total courts	$ 574,899	$ 587,596	$ 588,037	$ (441)
Commonwealth's attorney:				
Commonwealth's attorney	$ 629,675	$ 629,925	$ 604,329	$ 25,596
Multi-jurisdictional drug prosecutor	135,954	144,198	125,818	18,380
Total commonwealth's attorney	$ 765,629	$ 774,123	$ 730,147	$ 43,976
Total judicial administration	$ 1,340,528	$ 1,361,719	$ 1,318,184	$ 43,535
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 2,515,521	$ 2,560,856	$ 2,503,595	$ 57,261
Drug task force	-	-	15,125	(15,125)
Emergency operations center	743,134	894,614	787,718	106,896
Total law enforcement and traffic control	$ 3,258,655	$ 3,455,470	$ 3,306,438	$ 149,032

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	$ 652,700	$ 693,222	$ 672,542	$ 20,680
Contribution to rescue squad	8,700	8,700	8,700	-
Ambulance and rescue services	212,000	271,022	236,273	34,749
Emergency services	86,197	144,201	104,750	39,451
Forestry service	25,000	25,000	31,165	(6,165)
Total fire and rescue services	$ 984,597	$ 1,142,145	$ 1,053,430	$ 88,715
Correction and detention:				
Regional jail	$ 2,081,430	$ 2,081,430	$ 2,046,893	$ 34,537
Inspections:				
Building	$ 241,028	$ 242,221	$ 237,525	$ 4,696
Other protection:				
Animal control	$ 224,910	$ 250,740	$ 271,522	$ (20,782)
Medical examiner	1,500	1,500	300	1,200
Total other protection	$ 226,410	$ 252,240	$ 271,822	$ (19,582)
Total public safety	$ 6,792,120	$ 7,173,506	$ 6,916,108	$ 257,398
Public works:				
Sanitation and waste removal:				
Public works and environmental services	$ 2,149,415	$ 2,149,415	$ 2,140,866	$ 8,549
Maintenance of general buildings and grounds:				
General properties	$ 1,059,330	$ 1,061,607	$ 1,034,745	$ 26,862
Total public works	$ 3,208,745	$ 3,211,022	$ 3,175,611	$ 35,411
Health and welfare:				
Health:				
Supplement of local health department	$ 293,703	$ 293,703	$ 249,199	$ 44,504
Mental health and mental retardation:				
Community services board	$ 85,000	$ 85,000	$ 85,000	$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration: (Continued)				
Welfare:				
Other social services	$ 19,200	$ 19,200	$ 19,200	$ -
Total welfare	$ 19,200	$ 19,200	$ 19,200	$ -
Total health and welfare	$ 397,903	$ 397,903	$ 353,399	$ 44,504
Education:				
Other instructional costs:				
Contributions to community colleges	$ 49,122	$ 49,122	$ 34,122	$ 15,000
Contribution to County School Board	13,256,000	13,256,000	12,373,846	882,154
Total education	$ 13,305,122	$ 13,305,122	$ 12,407,968	$ 897,154
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 203,980	$ 203,980	$ 234,215	$ (30,235)
County fair	100,000	87,278	124,992	(37,714)
Total parks and recreation	$ 303,980	$ 291,258	$ 359,207	$ (67,949)
Library:				
Contribution to county library	$ 220,000	$ 220,000	$ 220,000	$ -
Total parks, recreation, and cultural	$ 523,980	$ 511,258	$ 579,207	$ (67,949)
Community development:				
Planning and community development:				
Planning & zoning	$ 155,314	$ 183,404	$ 188,762	$ (5,358)
Community action agency	56,250	56,250	56,250	-
Southside Planning District	46,688	46,688	46,688	-
Halifax County tourism	71,200	71,200	70,380	820
Community contributions	14,500	14,500	14,500	-
Contribution to Industrial Development Authority	1,025,000	1,025,000	1,348,932	(323,932)
Total planning and community development	$ 1,368,952	$ 1,397,042	$ 1,725,512	$ (328,470)
Environmental management:				
Environmental management	$ 155,521	$ 155,521	$ 156,811	$ (1,290)
Cooperative extension program:				
Extension office	$ 106,310	$ 106,310	$ 102,928	$ 3,382
Agricultural development agent	72,133	72,211	70,950	1,261
Total cooperative extension program	$ 178,443	$ 178,521	$ 173,878	$ 4,643
Total community development	$ 1,702,916	$ 1,731,084	$ 2,056,201	$ (325,117)
Nondepartmental:				
Sludge contract payment to HCSA	$ 100,000	$ 100,000	$ 100,000	$ -
Miscellaneous	$ 139,000	$ 399,650	$ 318,979	$ 80,671
Total nondepartmental	$ 239,000	$ 499,650	$ 418,979	$ 80,671

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Debt service:				
Principal retirement	$ 3,140,443	$ 3,140,443	$ 3,064,051	$ 76,392
Interest and other fiscal charges	2,818,758	2,818,758	2,805,448	13,310
Total debt service	$ 5,959,201	$ 5,959,201	$ 5,869,499	$ 89,702
Total General Fund	$ 35,726,070	$ 36,865,599	$ 35,725,849	$ 1,139,750
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:		-		
Welfare and social services:				
Welfare administration and assistance	$ 4,920,779	$ 4,920,779	$ 4,724,597	$ 196,182
Comprehensive services	3,017,613	3,017,613	2,655,973	361,640
Total welfare and social services	$ 7,938,392	$ 7,938,392	$ 7,380,570	$ 557,822
Total Virginia Public Assistance Fund	$ 7,938,392	$ 7,938,392	$ 7,380,570	$ 557,822
State and Federal Grants Fund:				
Judicial administration:				
Courts:				
Crime victims grant	$ 53,308	$ 54,682	$ 56,065	$ (1,383)
Exile grant - commonwealth's attorney	-	-	16,966	(16,966)
Refurbishing clerk of circuit court	-	-	28,010	(28,010)
Total judicial administration	$ 53,308	$ 54,682	$ 101,041	$ (46,359)
Public safety:				
Correction and detention:				
Community corrections board	$ 435,010	$ 490,954	$ 481,231	$ 9,723
Parks, recreation, and cultural:				
Cultural enrichment:				
Commission for the Arts	$ 5,000	$ 5,000	$ 5,000	$ -
Community development:				
Planning and community development:				
Improvement council	$ 44,074	$ 44,074	$ 37,388	$ 6,686
Agriculture development grant	-	-	14,970	(14,970)
Halifax downtown project	20,000	20,000	228,994	(208,994)
Total community development	$ 64,074	$ 64,074	$ 281,352	$ (217,278)
Total State and Federal Grants Fund	$ 557,392	$ 614,710	$ 868,624	$ (253,914)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
William M. Tuck Airport Fund:				
Community development:				
Planning and community development:				
Airport expenditures	$ 62,475	$ 62,475	$ 49,509	$ 12,966
Debt service:				
Principal retirement	$ 14,325	$ 14,325	$ 14,324	$ 1
Interest and other fiscal charges	1,200	1,200	1,200	-
Total debt service	$ 15,525	$ 15,525	$ 15,524	$ 1
Total William M. Tuck Airport Fund	$ 78,000	$ 78,000	$ 65,033	$ 12,967
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Accounting software	$ -	$ -	$ 9,277	$ (9,277)
Convenience centers	-	51,389	95,371	(43,982)
Total capital projects	$ -	$ 51,389	$ 104,648	$ (53,259)
Total County Capital Projects Fund	$ -	$ 51,389	$ 104,648	$ (53,259)
Total Primary Government	$ 44,299,854	$ 45,548,090	$ 44,144,724	$ 1,403,366
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
School board and administration	$ 1,974,084	$ 1,974,084	$ 2,144,920	$ (170,836)
School food services				
Food services	$ 205,647	$ 205,647	$ 143,423	$ 62,224
Instruction costs:				
Elementary and secondary schools	$ 43,352,552	$ 43,352,552	$ 41,509,993	$ 1,842,559
Federal projects	3,600,000	3,600,000	3,194,978	405,022
Total instruction costs	$ 46,952,552	$ 46,952,552	$ 44,704,971	$ 2,247,581
Operating costs:				
Pupil transportation	$ 4,089,799	$ 4,089,799	$ 4,158,723	$ (68,924)
Operation and maintenance of school plant	6,882,856	6,882,856	6,943,106	(60,250)
Total operating costs	$ 10,972,655	$ 10,972,655	$ 11,101,829	$ (129,174)
Total education	$ 60,104,938	$ 60,104,938	$ 58,095,143	$ 2,009,795
Debt service:				
Principal retirement	$ 40,000	$ 40,000	$ 40,000	$ -
Interest and other fiscal charges	12,392	12,392	9,922	2,470
Total debt service	$ 52,392	$ 52,392	$ 49,922	$ 2,470
Total School Fund	$ 60,157,330	$ 60,157,330	$ 58,145,065	$ 2,012,265

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010 (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 Cafeteria Fund:				
Education:				
School food services	$ 2,850,000	$ 2,850,000	$ 3,065,094	$ (215,094)
Total School Cafeteria Fund	$ 2,850,000	$ 2,850,000	$ 3,065,094	$ (215,094)
School Textbook Fund:				
Education:				
Instruction	$ -	$ -	$ 131,762	$ (131,762)
Total School Textbook Fund	$ -	$ -	$ 131,762	$ (131,762)
School Capital Projects Fund:				
Capital projects expenditures:				
School construction projects	$ -	$ -	$ -	$ -
Total School Capital Projects Fund	$ -	$ -	$ -	$ -
Total Discretely Presented Component Unit - School Board	$ 63,007,330	$ 63,007,330	$ 61,341,921	$ 1,665,409

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Other Statistical Information

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COUNTY OF HALIFAX, VIRGINIA **Table 1**

Government-Wide Expenses by Function
Last Eight Fiscal Years (1)

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

(1) Information has only been available for 8 years.
(2) Includes primary government only.
(3) 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 Eight Fiscal Years (1)

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

(1) Information has only been available for 8 years.
(2) Includes primary government only.
(3) In fiscal year 2010 communication tax revenue is reported as noncategorical aid from Commonwealth. In prior years, communication tax revenue was reported as other local taxes.

COUNTY OF HALIFAX, VIRGINIA **Table 3**

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Adminis-tration	Judicial Adminis-tration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2000-01	$ 1,119,977	$ 780,777	$ 4,199,156	1,416,098	$ 4,292,816	$ 41,469,465	$ 156,555	$ 1,175,198	$ 1,217,173	$ 55,827,215
2001-02	1,205,441	790,391	6,802,027	1,973,792	4,428,694	43,250,503	147,291	1,318,791	2,100,434	62,017,364
2002-03	1,182,399	825,764	5,347,849	1,344,883	4,941,390	47,006,169	295,194	2,042,159	1,875,857	64,861,664
2003-04	1,375,346	1,120,330	5,828,400	1,569,164	5,529,022	48,757,423	316,043	3,049,065	1,675,734	69,220,527
2004-05	1,481,322	1,166,359	6,593,025	1,793,623	5,376,011	53,579,424	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	1,640,534	79,492,576
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	4,098,889	87,344,582
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	5,549,361	92,262,385
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	6,051,488	95,048,941
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	5,885,023	92,589,172

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

COUNTY OF HALIFAX, VIRGINIA **Table 4**

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscella-neous	Recovered Costs	Inter-governmental (2)	Total
2000-01	$ 12,272,209	$ 4,688,880	$ 110,299	$ 39,056	$ 895,884	$ 1,410,285	$ 347,297	$ 145,712	$ 36,804,440	$ 56,714,062
2001-02	12,294,779	4,892,448	110,658	41,123	463,870	1,420,402	562,764	130,400	41,847,246	61,763,690
2002-03	14,053,268	5,297,557	116,584	31,340	416,768	1,411,050	524,506	105,389	44,767,819	66,724,281
2003-04	14,724,623	5,566,404	128,231	25,077	356,989	1,431,521	820,408	137,713	38,794,325	61,985,291
2004-05	15,466,288	5,885,175	129,775	22,157	548,052	1,467,896	1,184,604	144,786	51,547,745	76,396,478
2005-06	17,986,767	6,163,007	153,490	31,633	1,402,700	1,485,108	1,748,676	787,970	53,594,874	83,354,225
2006-07	20,515,847	6,306,972	127,543	16,663	2,276,997	1,585,555	1,115,579	204,147	60,237,578	92,386,881
2007-08	30,263,336	6,393,593	138,168	16,311	2,254,804	1,653,143	2,079,186	330,204	60,595,023	103,723,768
2008-09	24,346,869	5,905,056	122,761	73,379	591,734	2,334,130	1,536,350	121,259	60,305,548	95,337,086
2009-10	23,509,675	4,686,780	130,416	62,043	413,567	2,131,400	2,786,770	124,571	59,105,452	92,950,674

(1) Includes General and Special Revenue funds of the Primary Government and Discretely Presented Component Unit - School Board.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.
(3) 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.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3,4)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2000-01	$ 13,207,591	$ 12,800,726	96.92%	$ 270,768	$ 13,071,494	98.97%	$ 966,686	7.32%
2001-02	14,376,470	13,482,473	93.78%	259,127	13,741,600	95.58%	1,518,259	10.56%
2002-03	15,645,110	15,019,836	96.00%	320,909	15,340,745	98.05%	1,517,589	9.70%
2003-04	16,189,008	15,206,057	93.93%	727,778	15,933,835	98.42%	1,298,464	8.02%
2004-05	16,667,284	16,110,369	96.66%	419,749	16,530,118	99.18%	1,460,674	8.76%
2005-06	19,548,439	18,855,929	96.46%	200,820	19,056,749	97.48%	1,439,428	7.36%
2006-07	20,473,289	19,758,307	96.51%	416,535	20,174,842	98.54%	1,796,186	8.77%
2007-08	31,484,340	30,490,974	96.84%	570,092	31,061,066	98.66%	2,086,683	6.63%
2008-09	25,471,645	25,086,207	98.49%	199,676	25,285,883	99.27%	2,164,820	8.50%
2009-10	24,450,576	23,182,891	94.82%	1,252,839	24,435,730	99.94%	2,279,104	9.32%

(1) Exclusive of penalties and interest.
(2) Includes three most current delinquent tax years.
(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.
(4) In fiscal year 2008 the County assessed and billed property taxes in installments, Dec. 5 and June 5

COUNTY OF HALIFAX, VIRGINIA **Table 6**

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Mobile Homes	Public Utility (2)	Total
2000-01	$ 1,498,563,705	$ 271,995,582	$ 122,149,400	$ 25,386,484	$ 763,726,849	$ 2,681,822,020
2001-02	1,523,727,584	287,475,583	129,813,500	26,273,123	728,653,925	2,695,943,715
2002-03	1,546,356,849	278,982,097	100,039,773	26,765,260	685,105,818	2,637,249,797
2003-04	1,569,245,514	280,451,047	106,841,200	27,426,465	770,683,235	2,754,647,461
2004-05	1,910,664,805	263,810,600	107,198,300	24,372,634	776,778,376	3,082,824,715
2005-06	1,935,164,682	282,638,875	119,637,200	24,397,296	746,782,274	3,108,620,327
2006-07	2,157,582,260	218,028,800	131,854,800	24,130,000	1,042,337,183	3,573,933,043
2007-08	2,186,407,594	218,486,973	113,786,300	24,404,648	1,020,808,708	3,563,894,223
2008-09	2,582,057,659	221,649,707	118,967,559	24,513,892	1,025,725,027	3,972,913,844
2009-10	2,642,838,286	194,222,175	105,229,100	24,281,492	1,071,208,087	4,037,779,140

(1) Real estate is assessed at 100% of fair market value.
(2) Assessed values are established by the State Corporation Commission.
(3) Personal property is assessed at 100% of fair market value as of January 1, 1995.

COUNTY OF HALIFAX, VIRGINIA **Table 7**

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2000-01	$ 0.36	$ 1.26	$ 1.26
2001-02	0.40	1.26	1.26
2002-03	0.42	1.76	1.26
2003-04	0.42	1.76	1.26
2004-05	0.37	2.00	1.26
2005-06	0.41	2.50	1.26
2006-07	0.41	3.30	1.26
2007-08	0.44 / 0.48	3.30	1.26
2008-09	0.44	3.60	1.26
2009-10	.44 / .43	3.60	1.26

(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
2000-01	37,355	$ 2,681,822	$ 14,934,798	$ 14,934,798	0.56%	$ 400
2001-02	37,355	2,695,944	13,864,083	13,864,083	0.51%	371
2002-03	37,355	2,637,250	13,082,217	13,082,217	0.50%	350
2003-04	37,355	2,754,647	11,988,042	11,988,042	0.44%	321
2004-05	37,355	3,082,825	11,223,380	11,223,380	0.36%	300
2005-06	36,700	3,108,620	59,003,606	59,003,606	1.90%	1,608
2006-07	36,700	3,573,933	67,721,571	67,721,571	1.89%	1,845
2007-08	36,700	3,563,894	64,115,842	64,115,842	1.80%	1,747
2008-09	36,700	3,972,914	61,471,134	61,471,134	1.55%	1,675
2009-10	36,700	4,037,779	58,708,346	58,708,346	1.45%	1,600

(1) Center for Public Service at the University of Virginia.
(2) Real property assessed at 100% of fair market value.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

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
2000-01	$ 874,243	$ 342,930	$ 1,217,173	$ 55,827,215	2.18%
2001-02	1,190,921	909,513	2,100,434	62,017,364	3.39%
2002-03	1,051,579	586,876	1,638,455	64,861,664	2.53%
2003-04	512,983	511,232	1,024,215	69,220,527	1.48%
2004-05	1,096,662	436,307	1,532,969	75,976,059	2.02%
2005-06	1,140,660	499,874	1,640,534	79,492,576	2.06%
2006-07	1,618,829	2,480,060	4,098,889	87,344,582	4.69%
2007-08	2,926,284	2,623,077	5,549,361	92,262,385	6.01%
2008-09	3,066,056	3,047,366	6,113,422	95,048,941	6.43%
2009-10	3,118,375	2,816,570	5,934,945	92,589,172	6.41%

(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

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Halifax, Virginia's basic financial statements and have issued our report thereon dated December 1, 2010. We did not audit the financial statement of the School Cafeteria and School Textbook Fund. Those financial Statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements and this report on internal controls, insofar as they related to the School Cafeteria and School Textbook Funds are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Halifax, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the County of Halifax, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Halifax, Virginia's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 1, 2010

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

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

Compliance

We have audited the County of Halifax, Virginia's compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County of Halifax, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Halifax, Virginia's management. Our responsibility is to express an opinion on the County of Halifax, Virginia's compliance based on our audit. We did not audit the financial statements of the School Cafeteria and School Textbook Funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements and this report on internal controls and compliance, insofar as they related to the School Cafeteria and School Textbook Funds are based solely on the report of the other auditors.

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

In our opinion, based on our audit and on the report of other auditors, the County of Halifax, Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 1, 2010

COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifing Number		Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting safe and stable families	93.556	0950109/0950110	$	27,113
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110		479,846
Refugee and Entrant Asistance - State administered programs	93.566	0500109/0500110		1,169
Low-income Home Energy Assistance	93.568	0600409/0600410		24,268
Child Care and Development Cluster:				
Child Care and Development Block Grant	93.575	0770109/0770110		131,756
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110		80,041
ARRA - Child Care and Development Block Grant	93.713	0740109/0780109		40,310
Chafee Education and Training Vouchers	93.599	9160108/9160109		672
Child Welfare Services - State Grants	93.645	0900109/0900110		1,576
Foster Care - Title IV-E	93.658	1100109/1100110		422,967
ARRA - Foster Care - Title IV-E	93.658	1100109/1100110		35,171
Adoption Assistance	93.659	1120109/1120110		92,427
ARRA - Adoption Assistance	93.659	1120109/1120110		9,774
Social Services Block Grant	93.667	1000109/1000110		182,601
Chafee Foster Care Independence Program	93.674	9150108/9150109/9150110		6,419
Children's Health Insurance Program	93.767	0540109/0540110		24,312
Medical Assistance Program	93.778	1200109/1200110		323,658
Total Department Health and Human Services			$	1,884,080
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Food Distribution - Child Nutrition Cluster	10.555	10.555/2010/2009	$	155,509
Department of Education:				
Child Nutrition Cluster:				
National school breakfast program	10.553	10.553/2010/2009	$	430,110
National school lunch program	10.555	10.555/2010/2009		1,384,527
Fresh fruits and vegetables program	10.582	10.582/2010/2009		82,734
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0040109/0040110	$	548,102
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0040109/0040110		13,685
Total Department of Agriculture			$	2,614,667
Department of the Interior:				
Direct payments:				
Bureau of Land Management:				
Payments in Lieu of Taxes	15.000		$	39,981
Total Department of the Interior			$	39,981
Department of Housing and Urban Development:				
Direct payments:				
Community development block grant - States' program	14.228		$	164,100
Pass Through Payments:				
Department of Housing and Community Development:				
Community development block grant - States' program	14.228	N/A		133,070
Total Department of Housing and Urban Development			$	297,170

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifing Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Virginia Compensation Board:			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803	09SUB9033	$ 84,714
Total Department of Justice			$ 84,714
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2010502053828	$ 17,851
Small Business Administration			
Direct Payments:			
Procurement assistance to small businesses	59.009		38,340
Department of Commerce			
Pass Through Payments:			
Virginia Department of Emergency Management - County of Charlotte, Virginia:			
Public Safety Interoperable Communications Grant Program	11.555	N/A	$ 347,708
Total Department of Commerce			$ 347,708
Department of Homeland Security			
Pass Through Payments:			
State Homeland Security Program	97.073	N/A	$ 25,550
Emergency Management Performance Grant	97.042	N/A	12,196
Total Department of Homeland Security			$ 37,746
Pass Through Payments:			
Department of Education:			
Title I, part A Cluster:			
Title I: Grants to Local Educational Agencies	84.010	S010A090046	$ 1,485,845
ARRA - Title I: Grants to Local Educational Agencies	84.389	S389A090046	500,155
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A080107	1,870,302
ARRA - Special Education - Grants to States	84.391	H027A080107	61,924
Special Education - Preschool Grants	84.173	H173A090012	104,791
ARRA - Special Education - Preschool Grants	84.392	H392A090112	798
Career and Technical Education: Basic grants to states	84.048	V048A090046	114,853
Twenty-First Century Community Learning Centers	84.287	N/A	171,301
Safe and Drug-free Schools and Communities - State Grants	84.186	Q186A090048	11,226
Education technology state grants	84.318	S318X070046	17,348
Reading first state grant	84.357	S357A070048	111,025
English Language Acquisition grants	84.365	T365A080046	21,112
Improving Teacher Quality - State grants	84.367	S367A080044	431,076
ARRA - State Fiscal Stabilization Funds - Education state grants	84.394	S394A090047	3,732,632
Total Department of Education			$ 8,634,388
Total Expenditures of Federal Awards			$ 13,996,645

See accompanying notes to schedule of expenditures of federal awards.

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, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Because the Schedule presents only a selected portion of the operations of the County of Halifax, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Halifax, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles provided in OMB Circular A-81, *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 - 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	$	528,000
Special Revenue Funds:		
Virginia Public Assistance Fund		2,445,867
State and Federal Grants Fund		297,170
Total primary government	$	3,271,037
Component Unit Public Schools:		
School Operating Fund	$	8,634,388
School Cafeteria Fund		2,052,880
Total component unit public schools	$	10,687,268
Total federal expenditures per basic financial statements	$	13,958,305
Component Unit Halifax County Industrial Development Authority	$	38,340
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	13,996,645

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant Deficiency(ies) indentified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
	SNAP Cluster:
10.561	State Administrative Grants for the Supplemental Nutrition Assistance Program
10.561	ARRA - State Administrative Grants for the Supplemental Nutrition Assistance Program
	Child Nutrition Cluster:
10.555	National School Lunch Program
10.559	Food Distribution
10.553	National School Breakfast Program
93.659	Adoption Assistance
93.659	ARRA - Adoption Assistance
	Title I, part A Cluster:
84.010	Title I: Grants to Local Educational Agencies
84.389	ARRA - Title I: Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Title VI-B: Special Education - Grants to States
84.391	ARRA - Title VI-B: Special Education - Grants to States
84.173	Title VI-B: Special Education Preschool Grants
84.392	ARRA - Title VI-B: Special Education Preschool Grants
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants
84.367	Improving Teacher Quality - State Grants

Dollar threshold used to distinguish between Type A and Type B programs	$ 419,899
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

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