

# COUNTY OF LUNENBURG, VIRGINIA



## ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2011

COUNTY OF LUNENBURG, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

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## COUNTY OF LUNENBURG, VIRGINIA

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### Board of Supervisors

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Alvester L. Edmonds, Chairperson

Robert Zava  
Frank W. Bacon  
David E. Wingold

Charles R. Slayton  
Thomas Hoover  
Edward Pennington

### Department of Social Services

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Karen H. Wilkinson, Chairperson

Sidney B. Chappell, Jr.  
Atlas Robinson  
Charles R. Slayton  
C. B. Haskins, Jr.

Linda Walker  
Annie L. Mason  
Mary Beth Gregory

### County School Board

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Donald B. Carnes, Chairperson

Kathy P. Coffee  
James W. Duffy  
Atlas Stokes Robinson

Janis T. Whitehead  
Beverley P. Hawthorne  
Elizabeth R. Williams

### Other Officials

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Judge of the Circuit Court .....	Richard S. Blanton
Clerk of the Circuit Court .....	Gordon F. Erby
Commonwealth's Attorney .....	Robert E. Clement
Commissioner of the Revenue .....	Patricia M. Adams
Treasurer .....	Christian Rickers
Sheriff .....	Arthur Townsend
Superintendent of Schools .....	Dora Wynn
Director of Social Services .....	Dorothy A. Newcomb

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## *Independent Auditor's Report*

To The Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, 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 Lunenburg, Virginia, as of and for the year ended June 30, 2011, 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 Lunenburg, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lunenburg, Virginia, as of June 30, 2011, 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.

As described in Note 1 to the financial statements, the County of Lunenburg, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of the County of Lunenburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Lunenburg, Virginia's financial statements as a whole. The combining and individual fund financial statements and schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Richmond, Virginia  
January 18, 2012



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Lunenburg, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. Please read it in conjunction with the County's basic financial statements, which follow this section.

### **Financial Highlights**

#### **Government-wide Financial Statements**

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$7,676,352 (net assets).

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$764,331 (Exhibit 5) after making contributions totaling \$3,361,857 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$7,019,095, an increase of \$764,331 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,493,954, or 38% of total general fund expenditures and other uses.
- < The combined long-term obligations increased \$558,570 during the current fiscal year, mostly due to the issuance of a general obligation bond.

## **Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

## **Overview of the Financial Statements (Continued)**

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

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board and Industrial Development Authority. Neither issues separate financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$7,676,352 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

<b>County of Lunenburg, Virginia's Net Assets</b>			
		<b>Governmental Activities</b>	
		<b>2011</b>	<b>2010</b>
Current and other assets	\$	7,569,385	\$ 6,777,488
Capital assets		<u>19,043,382</u>	<u>20,022,574</u>
Total assets	\$	<u>26,612,767</u>	\$ <u>26,800,062</u>
Current liabilities	\$	384,915	\$ 406,986
Long-term liabilities outstanding		<u>18,551,500</u>	<u>17,992,930</u>
Total liabilities	\$	<u>18,936,415</u>	\$ <u>18,399,916</u>
Net assets:			
Invested in capital assets, net of related debt	\$	4,515,969	\$ 4,569,645
Unrestricted		<u>3,160,383</u>	<u>3,830,501</u>
Total net assets	\$	<u><u>7,676,352</u></u>	\$ <u><u>8,400,146</u></u>

## **Government-wide Financial Analysis (Continued)**

The County's net assets decreased by \$723,794 during the current fiscal year. The following table summarizes the County's Statement of Activities:

<b>County of Lunenburg, Virginia's Changes in Net Assets</b>			
		<b>Governmental Activities</b>	
		<b>2011</b>	<b>2010</b>
Revenues:			
Program revenues:			
Charges for services	\$	206,780	\$ 287,780
Operating grants and contributions		3,614,913	4,197,527
General revenues:			
General property taxes		5,355,045	5,394,155
Other local taxes		611,393	640,729
Grants and other contributions not restricted		1,311,378	1,287,101
Other general revenues		469,943	310,778
Total revenues	\$	11,569,452	\$ 12,118,070
Expenses:			
General government administration	\$	993,543	\$ 1,158,659
Judicial administration		786,302	770,596
Public safety		1,796,683	1,851,410
Public works		1,349,351	1,434,191
Health and welfare		2,426,380	2,058,065
Education		3,687,691	3,622,849
Parks, recreation, and cultural		138,749	133,242
Community development		408,819	487,960
Interest and other fiscal charges		705,728	677,615
Total expenses	\$	12,293,246	\$ 12,194,587
Change in net assets	\$	(723,794)	\$ (76,517)
Beginning of year		8,400,146	8,476,663
End of year	\$	7,676,352	\$ 8,400,146

## **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 available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$7,019,095, an increase of \$764,331 in comparison with the prior year. Approximately 64% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the county had a fund balance of \$1,162,492.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were increases of \$4,700, due to a \$5,000 increase in budgeted parks and recreation expenditures and a \$300 decrease in budgeted community development expenditures.

During the year, revenues and other sources exceeded budgetary estimates by \$500,397 and budgetary estimates were greater than expenditures and other uses by \$179,535. The resulting positive variance for change in fund balance was \$679,932.

## **Capital Asset and Debt Administration**

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2011 amounts to \$19,043,382 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$15,425,449. Of this amount, \$9,674,469 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds and capital leases).

The County's total debt increased by \$237,418 during the current fiscal year, mostly due to the issuance of a general obligation bond.

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

### **Economic Factors and Next Year's Budgets and Rates**

- < The unemployment rate for the County was 8.7 percent compared to the state's average unemployment rate of 6.5 percent.
- < Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The fiscal year 2012 budget increased by approximately 3 percent. All tax rates remained the same as in 2011 with the exception of real estate tax, which increased from \$0.33 to \$0.36, and farm machinery tax, which decreased from \$1.20 to \$0.60.

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Lunenburg, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 11413 Courthouse Road, Lunenburg, Virginia 23952.

## *BASIC FINANCIAL STATEMENTS*



*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

**County of Lunenburg, Virginia**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>	
		<b>School Board</b>	<b>IDA</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,874,372	\$ 463,668	\$ 27,040
Receivables (net of allowance for uncollectibles):			
Taxes receivable	524,933	-	-
Accounts receivable	24,596	-	-
Due from other governmental units	982,992	320,334	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents (in custody of others)	1,162,492	-	-
Capital assets (net of accumulated depreciation):			
Land	279,656	37,807	-
Buildings	9,093,479	13,459	-
Equipment	1,170,779	771,136	-
Jointly owned assets	8,499,468	3,355,716	-
Total assets	<u>\$ 26,612,767</u>	<u>\$ 4,962,120</u>	<u>\$ 27,040</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 76,677	\$ 39,327	\$ -
Accrued interest payable	282,850	-	-
Due to other governmental units	-	291,489	-
Unearned revenue	25,388	-	-
Long-term liabilities:			
Due within one year	979,659	-	-
Due in more than one year	17,571,841	34,420	-
Total liabilities	<u>\$ 18,936,415</u>	<u>\$ 365,236</u>	<u>\$ -</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 4,515,969	\$ 4,178,118	\$ -
Unrestricted (deficit)	3,160,383	418,766	27,040
Total net assets	<u>\$ 7,676,352</u>	<u>\$ 4,596,884</u>	<u>\$ 27,040</u>
 Total Liabilities and Net Assets	 <u>\$ 26,612,767</u>	 <u>\$ 4,962,120</u>	 <u>\$ 27,040</u>

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

**County of Lunenburg, Virginia**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	
					<u>School Board</u>	<u>IDA</u>
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government administration	\$ 993,543	\$ -	\$ 183,290	\$ -	\$ (810,253)	\$ -
Judicial administration	786,302	59,798	417,327	-	(309,177)	-
Public safety	1,796,683	29,111	934,560	-	(833,012)	-
Public works	1,349,351	117,871	-	-	(1,231,480)	-
Health and welfare	2,426,380	-	1,924,564	-	(501,816)	-
Education	3,687,691	-	-	-	(3,687,691)	-
Parks, recreation, and cultural	138,749	-	-	-	(138,749)	-
Community development	408,819	-	99,192	-	(309,627)	-
Interest on long-term debt	705,728	-	55,980	-	(649,748)	-
Total governmental activities	\$ 12,293,246	\$ 206,780	\$ 3,614,913	\$ -	\$ (8,471,553)	\$ -
Total primary government	\$ 12,293,246	\$ 206,780	\$ 3,614,913	\$ -	\$ (8,471,553)	\$ -
<b>COMPONENT UNITS:</b>						
School Board	\$ 17,390,547	\$ 364,933	\$ 13,187,499	\$ -	\$ -	\$ (3,838,115)
IDA	66,591	60,457	-	-	-	(6,134)
Total component units	\$ 17,457,138	\$ 425,390	\$ 13,187,499	\$ -	\$ -	\$ (3,838,115)
General revenues:						
General property taxes	\$ 5,355,045	\$ -	\$ -	\$ -	\$ -	\$ -
Local sales and use taxes	369,398	-	-	-	-	-
Consumer's utility taxes	183,802	-	-	-	-	-
Other local taxes	58,193	-	-	-	-	-
Unrestricted revenues from use of money and property	120,417	-	-	-	-	49
Miscellaneous	349,526	-	-	-	-	-
Grants and contributions not restricted to specific programs	1,311,378	-	-	-	-	-
Payment from Lunenburg County	-	-	-	-	4,069,711	-
Total general revenues	\$ 7,747,759	\$ -	\$ -	\$ -	\$ 4,069,711	\$ 49
Change in net assets	\$ (723,794)	\$ -	\$ -	\$ -	\$ 231,596	\$ (6,085)
Net assets - beginning	8,400,146	-	-	-	4,365,288	33,125
Net assets - ending	\$ 7,676,352	\$ -	\$ -	\$ -	\$ 4,596,884	\$ 27,040

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

## *FUND FINANCIAL STATEMENTS*

**County of Lunenburg, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,659,567	\$ 434,445	\$ -	\$ -	\$ 6,094,012
Receivables (net of allowance for uncollectibles):					
Taxes receivable	524,933	-	-	-	524,933
Accounts receivable	24,441	155	-	-	24,596
Due from other funds	-	-	498,134	721,506	1,219,640
Due from other governmental units	982,992	-	-	-	982,992
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	1,162,492	1,162,492
Total assets	<u>\$ 7,191,933</u>	<u>\$ 434,600</u>	<u>\$ 498,134</u>	<u>\$ 1,883,998</u>	<u>\$ 10,008,665</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 76,677	\$ -	\$ -	\$ -	\$ 76,677
Reconciled overdraft payable	-	-	498,134	721,506	1,219,640
Due to other funds	1,219,640	-	-	-	1,219,640
Deferred revenue	473,613	-	-	-	473,613
Total liabilities	<u>\$ 1,769,930</u>	<u>\$ -</u>	<u>\$ 498,134</u>	<u>\$ 721,506</u>	<u>\$ 2,989,570</u>
Fund balances:					
Restricted	\$ -	\$ 434,600	\$ -	\$ -	\$ 434,600
Committed	928,049	-	-	1,162,492	2,090,541
Unassigned	4,493,954	-	-	-	4,493,954
Total fund balances	<u>\$ 5,422,003</u>	<u>\$ 434,600</u>	<u>\$ -</u>	<u>\$ 1,162,492</u>	<u>\$ 7,019,095</u>
Total liabilities and fund balances	<u>\$ 7,191,933</u>	<u>\$ 434,600</u>	<u>\$ 498,134</u>	<u>\$ 1,883,998</u>	<u>\$ 10,008,665</u>

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

**County of Lunenburg, Virginia**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Assets**  
**June 30, 2011**

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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,019,095
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,043,382
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	448,225
--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bonds	\$ (5,679,766)	
General obligation bonds	(9,938,925)	
Capital leases	(71,214)	
Landfill postclosure liability	(2,805,039)	
Compensated absences	(56,556)	
Accrued interest payable	(282,850)	
	(18,834,350)	

Net assets of governmental activities	\$ 7,676,352
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The notes to the financial statements are an integral part of this statement.

**County of Lunenburg, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 5,321,103	\$ -	\$ -	\$ -	\$ 5,321,103
Other local taxes	611,393	-	-	-	611,393
Permits, privilege fees, and regulatory licenses	27,228	-	-	-	27,228
Fines and forfeitures	39,532	-	-	-	39,532
Revenue from the use of money and property	91,061	26,374	-	2,982	120,417
Charges for services	138,940	1,080	-	-	140,020
Miscellaneous	291,739	57,787	-	-	349,526
Recovered costs	29,765	-	-	-	29,765
Intergovernmental revenues:					
Lunenburg School Board	-	-	385,162	-	385,162
Commonwealth	4,107,453	90,539	-	-	4,197,992
Federal	672,319	-	55,980	-	728,299
Total revenues	<u>\$ 11,330,533</u>	<u>\$ 175,780</u>	<u>\$ 441,142</u>	<u>\$ 2,982</u>	<u>\$ 11,950,437</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 963,722	\$ -	\$ -	\$ -	\$ 963,722
Judicial administration	551,585	-	-	-	551,585
Public safety	1,753,679	1,306	-	-	1,754,985
Public works	1,033,137	-	-	-	1,033,137
Health and welfare	2,433,176	-	-	-	2,433,176
Education	3,364,999	-	-	-	3,364,999
Parks, recreation, and cultural	138,749	-	-	-	138,749
Community development	284,003	104,840	-	-	388,843
Capital projects	18,503	-	-	53,960	72,463
Debt service:					
Principal retirement	22,369	-	915,213	-	937,582
Interest and other fiscal charges	2,807	-	703,643	28,915	735,365
Total expenditures	<u>\$ 10,566,729</u>	<u>\$ 106,146</u>	<u>\$ 1,618,856</u>	<u>\$ 82,875</u>	<u>\$ 12,374,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 763,804</u>	<u>\$ 69,634</u>	<u>\$ (1,177,714)</u>	<u>\$ (79,893)</u>	<u>\$ (424,169)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 686	\$ 498,134	\$ 721,506	\$ 1,220,326
Transfers out	(1,220,326)	-	-	-	(1,220,326)
Issuance of debt	-	-	-	1,175,000	1,175,000
Bond issuance premium	-	-	-	13,500	13,500
Total other financing sources (uses)	<u>\$ (1,220,326)</u>	<u>\$ 686</u>	<u>\$ 498,134</u>	<u>\$ 1,910,006</u>	<u>\$ 1,188,500</u>
Net change in fund balances	\$ (456,522)	\$ 70,320	\$ (679,580)	\$ 1,830,113	\$ 764,331
Fund balances - beginning - as restated	5,878,525	364,280	679,580	(667,621)	6,254,764
Fund balances - ending	<u>\$ 5,422,003</u>	<u>\$ 434,600</u>	<u>\$ -</u>	<u>\$ 1,162,492</u>	<u>\$ 7,019,095</u>

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

County of Lunenburg, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$	764,331
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 248,471	
Transfer of joint tenancy assets	(707,854)	
Depreciation expense	<u>(519,810)</u>	(979,193)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		33,942
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 207,359	
Principal retirement on general obligation bonds	707,854	
Issuance of general obligation bonds	(1,188,500)	
Principal retirement on capital leases	22,369	
Increase of landfill postclosure liability	<u>(341,237)</u>	(592,155)

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 interest payable	\$ 15,695	
Amortization of bond issuance premium	13,942	
(Increase) decrease in accrued leave	<u>19,644</u>	49,281

Change in net assets of governmental activities	\$	<u><u>(723,794)</u></u>
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The notes to the financial statements are an integral part of this statement.



**County of Lunenburg, Virginia**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

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	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,151
<b>LIABILITIES</b>	
Amounts held for others	\$ (8,160)
Reconciled overdraft payable	8,160
Amounts held for social services clients	5,151
Total liabilities	\$ 5,151

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

## *NOTES TO THE FINANCIAL STATEMENTS*

## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements As of June 30, 2011

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#### Note 1—Summary of Significant Accounting Policies:

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

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

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

#### Government-wide and Fund Financial Statements

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

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

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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

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

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

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

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

#### **A. Financial Reporting Entity**

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

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

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**B. Individual Component Unit Disclosures**

*Blended Component Units.* The County has no blended component units at June 30, 2011.

*Discretely Presented Component Units.* The School Board members are elected by the citizens of Lunenburg County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2011.

The Industrial Development Authority of Lunenburg County is responsible for industrial and commercial development in the County. The Authority consists of five members 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, 2011. The Industrial Development Authority of Lunenburg County does not issue a separate financial report.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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

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

##### **1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund, County Special Revenue Fund, County Debt Service Fund, and County Capital Projects fund as major governmental funds.

General 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 and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

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

Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County also reports Courthouse Renovations and the School Construction Funds as major Capital Projects Funds.

Debt Service Fund - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

The County reports the following nonmajor governmental funds:

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

#### **E. Cash and Cash Equivalents**

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

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

## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements (Continued)

As of June 30, 2011

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

##### F. Investments

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

##### G. Receivables and Payables

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

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 \$349,076 at June 30, 2011 and is comprised solely of property taxes.

##### Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

##### H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.



## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements (Continued)

As of June 30, 2011

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

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##### **H. Capital Assets (Continued)**

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.

<b>Assets</b>	<b>Years</b>
Building Improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

##### **I. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as expenses in the Statement of Activities and long-term obligations in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to 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.

##### **J. Retirement Plan**

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

##### **K. Use of Estimates**

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

##### **L. Fund Equity**

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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**L. Fund Equity (Continued)**

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

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

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

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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

**L. Fund Equity (Continued)**

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

			Major Special Revenue Fund		Major Capital Projects Fund		
			County		County		
	General		Special Revenue		Capital		Total
	Fund		Fund		Projects		
<b>Fund Balances:</b>							
<b>Restricted for:</b>							
Airport commission	\$	-	\$	8,864	\$	-	\$ 8,864
Law library		-		15,287		-	15,287
Asset forfeiture		-		18,242		-	18,242
Economic development		-		209,681		-	209,681
Tobacco grant		-		182,526		-	182,526
<b>Total Restricted Fund Balance</b>	\$	-	\$	434,600	\$	-	\$ 434,600
<b>Committed to:</b>							
School construction	\$	-	\$	-	\$	1,162,492	\$ 1,162,492
Landfill		370,462		-		-	370,462
Voting machines		17,674		-		-	17,674
E-911		539,913		-		-	539,913
<b>Total Committed Fund Balance</b>	\$	928,049	\$	-	\$	1,162,492	\$ 2,090,541
<b>Unassigned Fund Balance</b>	\$	4,493,954	\$	-	\$	-	\$ 4,493,954
<b>Total Fund Balances</b>	\$	5,422,003	\$	434,600	\$	1,162,492	\$ 7,019,095

**M. Net Assets**

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

**N. Long-term Obligations**

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

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

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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### *Note 2—Stewardship, Compliance, and Accounting:*

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

1. On or before March 30<sup>th</sup>, 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 department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; However, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. All appropriations expire as of June 30 each year.

### *Note 3—Deposits and Investments:*

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#### Deposits

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

#### Investments

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

*Note 3—Deposits and Investments: (Continued)*

**Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

	Fair Quality Ratings			
	AAA	AA	AA+	AA-
State Non-Arbitrage Pool	\$ 1,162,492	\$ -	\$ -	\$ -
Corporate Debt	-	-	78,858	76,155
Municipal/Public Bonds	862,713	25,008	251,068	50,048
Total	\$ 2,025,205	\$ 25,008	\$ 329,926	\$ 126,203

**Interest Rate Risk**

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	
Municipal/Public Bonds	\$ 1,188,837	\$ 1,188,837	
Corporate Debt	155,013	155,013	
Total	\$ 1,343,850	\$ 1,343,850	

**External Investment Pools**

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the SNAP is the same as the value of the pool shares.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2011

*Note 4—Due to/from Other Governments:*

At June 30, 2011, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Lunenburg County School Board	\$ 291,489	\$ -
Commonwealth of Virginia:		
Local sales tax	50,546	-
Welfare	29,300	-
Rolling stock tax	557	-
State Sales Tax	-	263,449
Wireless grant	7,270	-
Constitutional officer reimbursements	97,391	-
Fire programs	3,276	-
Recordation tax	3,795	-
Water supply planning grant	1,000	-
Victim witness grant	9,640	-
Comprehensive services act	370,558	-
Communications tax	32,739	-
Federal Government:		
School fund grants	-	56,885
Byrne grant	47,405	-
Welfare	38,026	-
Total due from other governments	\$ <u>982,992</u>	\$ <u>320,334</u>

At June 30, 2011, amounts due to other local governments are as follows:

Other Local Governments:		
County of Lunenburg	\$ <u>-</u>	\$ <u>291,489</u>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

**Primary Government:**

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 279,656	\$ -	\$ -	\$ 279,656
Total capital assets not subject to depreciation	\$ 279,656	\$ -	\$ -	\$ 279,656
Capital assets subject to depreciation:				
Buildings	\$ 10,778,443	\$ 53,960	\$ -	\$ 10,832,403
Equipment	2,722,620	194,511	-	2,917,131
Jointly owned assets	12,739,644	-	545,465	12,194,179
Total capital assets being depreciated	\$ 26,240,707	\$ 248,471	\$ 545,465	\$ 25,943,713
Less accumulated depreciation for:				
Buildings	\$ 1,460,733	\$ 278,191	\$ -	\$ 1,738,924
Equipment	1,504,734	241,618	-	1,746,352
Jointly owned assets	3,532,322	327,659	165,270	3,694,711
Total accumulated depreciation	\$ 6,497,789	\$ 847,468	\$ 165,270	\$ 7,179,987
Total capital assets being depreciated, net	\$ 19,742,918	\$ (598,997)	\$ 380,195	\$ 18,763,726
Governmental capital assets, net	\$ 20,022,574	\$ (598,997)	\$ 380,195	\$ 19,043,382

**Component Unit - School Board:**

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 37,807	\$ -	\$ -	\$ 37,807
Total capital assets not subject to depreciation	\$ 37,807	\$ -	\$ -	\$ 37,807
Capital assets subject to depreciation:				
Buildings	\$ -	\$ 16,824	\$ -	\$ 16,824
Equipment	2,631,402	219,244	-	2,850,646
Jointly owned assets	4,268,977	-	(545,465)	4,814,442
Total capital assets being depreciated	\$ 6,900,379	\$ 236,068	\$ (545,465)	\$ 7,681,912
Less accumulated depreciation for:				
Buildings	\$ -	\$ 3,365	\$ -	\$ 3,365
Equipment	1,887,237	192,273	-	2,079,510
Jointly owned assets	1,183,659	109,797	(165,270)	1,458,726
Total accumulated depreciation	\$ 3,070,896	\$ 305,435	\$ (165,270)	\$ 3,541,601
Total capital assets being depreciated, net	\$ 3,829,483	\$ (69,367)	\$ (380,195)	\$ 4,140,311
Governmental capital assets, net	\$ 3,867,290	\$ (69,367)	\$ (380,195)	\$ 4,178,118

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

***Note 5—Capital Assets: (Continued)***

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

Governmental activities:

General government administration	\$	6,454
Judicial administration		234,717
Public safety		161,396
Public works		80,258
Health and welfare		17,567
Education		327,659
Community development		19,417

Total Governmental activities	\$	<u>847,468</u>
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Component Unit School Board	\$	<u>305,435</u>
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***Note 6—Interfund Transfers:***

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 1,220,326
County special revenue	686	-
County debt service fund	498,134	-
County capital projects	721,506	-
Total Primary Government	\$ <u>1,220,326</u>	\$ <u>1,220,326</u>
Component Unit:		
School operating	\$ -	\$ 619,905
School special revenue	619,905	-
Total Component Unit School Board	\$ <u>619,905</u>	\$ <u>619,905</u>

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



COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

**Note 7—Long-Term Obligations:**

**Primary Government:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 76,199	\$ -	\$ 19,643	\$ 56,556	\$ 5,656
Capital lease	93,583	-	22,369	71,214	23,040
Lease revenue bonds payable	5,887,125	-	207,359	5,679,766	215,363
Landfill post closure care	2,463,802	341,237	-	2,805,039	-
Total incurred by County	\$ 8,520,709	\$ 341,237	\$ 249,371	\$ 8,612,575	\$ 244,059
Incurred by School Board:					
General obligation bonds	\$ 9,207,323	\$ 1,175,000	\$ 707,854	\$ 9,674,469	\$ 735,600
Add deferred amounts for:					
Issuance premium	264,898	13,500	13,942	264,456	-
Total incurred by School Board	\$ 9,472,221	\$ 1,188,500	\$ 721,796	\$ 9,938,925	\$ 735,600
Total Governmental Obligations	\$ 17,992,930	\$ 1,529,737	\$ 971,167	\$ 18,551,500	\$ 979,659

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

*Note 7—Long-Term Obligations: (Continued)*

Primary Government: (continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2012	\$ 215,363	\$ 216,500
2013	223,414	208,190
2014	360,514	199,570
2015	373,666	185,784
2016	387,872	171,494
2017	403,136	156,658
2018	418,458	141,234
2019	434,842	125,224
2020	451,292	108,584
2021	467,810	91,312
2022	486,399	73,404
2023	468,000	54,784
2024	485,000	37,186
2025	504,000	18,951
Total	\$ <u>5,679,766</u>	\$ <u>1,788,875</u>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

*Note 7—Long-Term Obligations: (Continued)*

Primary Government: (continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2012	\$ 735,600	\$ 442,024
2013	472,132	411,410
2014	546,603	390,304
2015	560,464	367,921
2016	575,491	344,123
2017	595,959	319,538
2018	611,904	293,942
2019	543,209	267,507
2020	559,722	245,795
2021	576,771	223,340
2022	594,177	200,117
2023	611,765	176,291
2024	628,859	152,563
2025	645,678	128,519
2026	662,735	103,754
2027	299,500	87,458
2028	221,200	17,021
2029	232,700	8,726
Total	\$ <u>9,674,469</u>	\$ <u>4,180,353</u>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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Note 7—Long-Term Obligations: (Continued)

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Primary Government: (continued)

Details of long-term indebtedness are as follows:

General Obligations:

Incurred by County:

Capital Lease Obligations:

\$115,300 Capital lease issued July 21, 2008, secured by a leasehold interest in the equipment. Due in annual installments of \$25,176 (principal plus interest) at 3.00% interest rate.	\$	<u>71,214</u>
Total Capital Lease Obligations	\$	<u>71,214</u>

Lease Revenue Bonds:

\$6,354,000 Lease revenue bond, Series 2004, issued December 13, 2004, due in varying installments of principal and interest through February 1, 2025, interest at 3.76%.	\$	5,367,000
\$400,000 Public facility lease revenue bond, Series 2007, issued June 29, 2008, due in varying installments of principal and interest through February 1, 2022, interest at 4.7%		<u>312,766</u>
Total lease revenue bonds	\$	<u>5,679,766</u>
Landfill post closure cost (payable from the General Fund)	\$	<u>2,805,039</u>
Compensated absences (payable from the General Fund)		<u>56,556</u>
Total incurred by County	\$	<u><u>8,612,575</u></u>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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Note 7—Long-Term Obligations: (Continued)

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Primary Government: (continued)

Details of long-term indebtedness are as follows: (Continued)

General Obligations: (continued)

Incurred by School Board:

General Obligation Bonds:

\$907,919 General Obligation Refunding Note, Series 1998, issued July 30, 1998, due in annual installments of \$85,162, through July 30, 2017, interest at 6.59%.	\$	465,594
\$4,127,773, Virginia Public School Authority bonds issued July 31, 1991, due in varying semi-annual installments of principal and interest through July 15, 2011; interest payable semi-annually at rates ranging from 4.85% to 6.60% per annum.		293,224
\$750,000 School Bonds 2003B Series issued March 15, 2003 due in varying annual installments through February 1, 2029, interest at various rates.		205,000
\$5,856,256 School Bonds 2005A Series issued October 25, 2005, due in varying annual installments through January 15, 2006, interest at various rates.		4,644,951
\$3,020,000 School Bonds 2005B Series issued October 25, 2005, due in varying annual installments through February 1, 2029, interest at 3.75%.		2,890,700
\$1,175,000 School Bonds issued July 8, 2010, due in varying annual installments through June 1, 2027.		1,175,000
Bond premium		<u>264,456</u>
Total General Obligation Bonds	\$	<u>9,938,925</u>
Total Incurred by School Board	\$	<u>9,938,925</u>
Total General Obligations, Primary Government	\$	<u>18,551,500</u>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

*Note 7—Long-Term Obligations: (Continued)*

**Primary Government: (continued)**

<u>Component Unit-School Board:</u>	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Component Unit-School Board:					
OPEB liability	\$ 15,700	\$ 67,020	\$ 48,300	\$ 34,420	\$ -
Total Component Unit-School Board	\$ 15,700	\$ 67,020	\$ 48,300	\$ 34,420	\$ -

*Note 8—Capital Lease:*

The government has entered into a lease agreement as lessee for financing the acquisition of Landfill equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through capital lease is as follows:

	<u>Primary Government</u>
Asset:	
Equipment	\$ 115,300
Less: accumulated depreciation	34,590
Total	<u>\$ 80,710</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2012	\$ 25,176
2013	25,176
2014	<u>25,176</u>
Total minimum lease payments	\$ 75,528
Less: amount representing interest	<u>(4,314)</u>
Present value of minimum lease payments	<u>\$ 71,214</u>

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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### *Note 9—Closure and Postclosure Costs:*

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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 30 years. The \$2,805,039 was reported as landfill closure and postclosure care liability at June 30, 2011, and it represents the cumulative amount to date based on the estimated capacity of the landfill. The County will recognize the remaining amount of the total estimated cost of closure and postclosure care of \$3,116,710 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The County expects to close the landfill in the year 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

### *Note 10—Deferred Revenue:*

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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 \$473,613 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$25,388 at June 30, 2011.

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$448,225 at June 30, 2011.

### *Note 11—Commitments and Contingent Liabilities:*

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

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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***Note 12—Litigation:***

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At June 30, 2011, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

***Note 13 –Risk Management:***

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The County and Component Unit School Board are 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 participates with other Virginia localities in public entity risk pools for the provision of insurance coverage. The County receives workers' compensation, liability and property loss coverage through the Virginia Association of Counties Group Self Insurance Risk Pool. The School Board receives its workers' compensation coverage from the School Systems of Virginia and all other coverage from commercial carriers. The County pays an annual premium to the pool for insurance through member premiums. There have been no reductions in any insurance coverage from the previous year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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### *Note 14 –Defined Benefit Pension Plan:*

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#### Primary Government and Discretely Presented Component Unit-School Board:

##### A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the members plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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### Note 14 – Defined Benefit Pension Plan (Continued):

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#### Primary Government and Discretely Presented Component Unit-School Board: (continued)

##### **A. Plan Description (Continued)**

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1, of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Website at: <http://varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

##### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County 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 and School Board non-professional's contribution rate for the fiscal year ended 2011 was 9.42% and 6.08% of annual covered payroll, respectively.

The Lunenburg County School Board professional employees current rate is 3.93%, The contribution requirements of plan members and Lunenburg 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, 2011, 2010, and 2009 were \$317,915, \$654,847, and \$732,608, respectively, and equal to the required contributions for each year.

##### **C. Annual Pension Cost**

For fiscal year 2011, the County's annual pension cost of \$204,076 (which does not include the portion of the employee share assumed by the employer which was \$108,320) was equal to the County's required and actual contributions.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2011

Note 14 –Defined Benefit Pension Plan (Continued):

Primary Government and Discretely Presented Component Unit-School Board: (continued)

C. Annual Pension Cost (Continued)

For fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$38,365 (which does not include the portion of the employee share assumed by the Board which was \$31,715) which was equal to the Board's required and actual contributions.

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2011	\$ 204,076	100%	\$ -
June 30, 2010	186,124	100%	-
June 30, 2009	188,165	100%	-
School Board:			
Non-Professional:			
June 30, 2011	\$ 38,365	100%	\$ -
June 30, 2010	45,223	100%	-
June 30, 2009	46,891	100%	-

(1) Employer portion only

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements (Continued)

As of June 30, 2011

#### Note 14 – Defined Benefit Pension Plan (Continued):

##### Primary Government and Discretely Presented Component Unit-School Board: (continued)

#### D. Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 77.33% funded. The actuarial accrued liability for benefits was \$10,960,885, and the actuarial value of assets was \$8,476,586, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,484,299. The covered payroll (annual payroll of active employees covered by the plan) was \$2,151,666, and ratio of the UAAL to the covered payroll was 115.46%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board's Non-Professional plan was 89.32% funded. The actuarial accrued liability for benefits was \$2,037,276, and the actuarial value of assets was \$1,819,679, resulting in an unfunded actuarial accrued liability (UAAL) of \$217,597. The covered payroll (annual payroll of active employees covered by the plan) was \$676,124, and ratio of the UAAL to the covered payroll was 32.18%.

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

#### Note 15 – Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gordon F. Erby, Clerk of the Circuit Court	\$ 150,000
Christian Rickers, Treasurer	400,000
Patricia M. Adams, Commissioner of the Revenue	3,000
Arthur Townsend, Sheriff	30,000
Fidelity and Deposit Company of Maryland-Surety:	
Thomas Palmore, Clerk of the Board	10,000
Linda Brame, Clerk of Textbook Fund	10,000
Mary B. Leistra, Deputy Clerk of the Board	10,000
Dora Wynn, School Superintendent	10,000
All School Board Employees-blanket bond	2,500
Western Surety Company:	
Dorothy A. Newcomb, Director of Social Services	100,000
VA Risk Pool:	
All Social Services Employees-Blanket Bond	1,000,000

**Note 16-Postemployment Benefits Other Than Pensions:**

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**A. Plan Description**

Beginning in fiscal year 2009, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the School Board. This funding methodology mirrors the funding approach used for pension benefits.

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

**B. Funding Policy**

The School Board's retirees pay 100% of the premiums. The Schools currently have 12 retirees on their plan.

**C. Annual OPEB Cost and Net OPEB Obligation**

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The School Board has elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

# COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

## Note 16-Postemployment Benefits Other Than Pensions (Continued):

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

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the School Board's net OPEB obligation to the Retiree Health Plan:

		<u>SCHOOLS</u>
Annual required contribution	\$	67,300
Interest on net OPEB obligation		628
Adjustment to annual required contribution		(908)
Annual OPEB cost (expense)	\$	<u>67,020</u>
Estimated Contributions made		<u>(48,300)</u>
Increase in net OPEB obligation		18,720
Net OPEB obligation-beginning of year		15,700
Net OPEB obligation-end of year	\$	<u><u>34,420</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 and preceding year were as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
Schools:					
6/30/2009	\$	71,500	83.64%	\$	11,700
6/30/2010		71,500	94.41%		15,700
6/30/2011		67,020	72.07%		34,420

### D. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$571,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,051,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.45%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Note 16-Postemployment Benefits Other Than Pensions (Continued):**

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E. Methods and Assumptions

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

F. Cost Method

In the January 1, 2011 actuarial valuation, the projected unit credit method with linear pro-rata to assumed benefit commencement was used.

The following simplifying assumptions were made:

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

*Mortality*-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females.

*Coverage elections* -The actuary assumed that 30% of eligible retirees who qualify will elect coverage.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount rate of 4.0% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was thirty years.

**NOTE 17-Other Post-Employment Benefits (OPEB):**

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**A. Plan Description**

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

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

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

**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$48,537, \$64,656, and \$89,809, respectively and equaled the required contributions for each year.



COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2011

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**NOTE 18-Restatement of Beginning Fund Balances:**

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The following adjustments were made to beginning fund balances:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Fund balance as previously reported	\$ 5,041,766	\$ 1,201,039
To reclassify the following funds based on GASB 54 definitions:		
Law library	(14,207)	14,207
Landfill	722,947	(722,947)
E-911	471,292	(471,292)
Voting machine	18,949	(18,949)
CSA	<u>(362,222)</u>	<u>362,222</u>
Fund balances, as restated	<u>\$ 5,878,525</u>	<u>\$ 364,280</u>

*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.*

**County of Lunenburg, Virginia**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget -</u></b> <b><u>Positive</u></b> <b><u>(Negative)</u></b>
<b>REVENUES</b>				
General property taxes	\$ 5,391,485	\$ 5,391,485	\$ 5,321,103	\$ (70,382)
Other local taxes	656,000	656,000	611,393	(44,607)
Permits, privilege fees, and regulatory licenses	32,375	32,375	27,228	(5,147)
Fines and forfeitures	12,600	12,600	39,532	26,932
Revenue from the use of money and property	165,000	165,000	91,061	(73,939)
Charges for services	180,772	189,972	138,940	(51,032)
Miscellaneous	122,215	122,215	291,739	169,524
Recovered costs	42,907	42,907	29,765	(13,142)
Intergovernmental revenues:				
Commonwealth	3,649,720	3,553,220	4,107,453	554,233
Federal	664,362	664,362	672,319	7,957
Total revenues	<u>\$ 10,917,436</u>	<u>\$ 10,830,136</u>	<u>\$ 11,330,533</u>	<u>\$ 500,397</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,074,512	\$ 1,074,512	\$ 963,722	\$ 110,790
Judicial administration	628,105	628,105	551,585	76,520
Public safety	1,859,898	1,859,898	1,753,679	106,219
Public works	1,051,129	1,051,129	1,033,137	17,992
Health and welfare	1,927,192	1,927,192	2,433,176	(505,984)
Education	3,559,758	3,559,758	3,364,999	194,759
Parks, recreation, and cultural	133,242	138,242	138,749	(507)
Community development	328,664	328,364	284,003	44,361
Capital projects	115,000	115,000	18,503	96,497
Debt service:				
Principal retirement	22,369	22,369	22,369	-
Interest and other fiscal charges	2,807	2,807	2,807	-
Total expenditures	<u>\$ 10,702,676</u>	<u>\$ 10,707,376</u>	<u>\$ 10,566,729</u>	<u>\$ 140,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 214,760</u>	<u>\$ 122,760</u>	<u>\$ 763,804</u>	<u>\$ 641,044</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (1,259,214)	\$ (1,259,214)	\$ (1,220,326)	\$ 38,888
Total other financing sources and uses	<u>\$ (1,259,214)</u>	<u>\$ (1,259,214)</u>	<u>\$ (1,220,326)</u>	<u>\$ 38,888</u>
Net change in fund balances	\$ (1,044,454)	\$ (1,136,454)	\$ (456,522)	\$ 679,932
Fund balances - beginning, as restated	1,044,454	1,136,454	5,878,525	4,742,071
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,422,003</u>	<u>\$ 5,422,003</u>

**County of Lunenburg, Virginia**  
**Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 12,500	\$ 12,500	\$ 26,374	\$ 13,874
Charges for services	1,000	1,000	1,080	80
Miscellaneous	10,000	10,000	57,787	47,787
Intergovernmental revenues:				
Commonwealth	826,397	826,397	90,539	(735,858)
Total revenues	<u>\$ 849,897</u>	<u>\$ 849,897</u>	<u>\$ 175,780</u>	<u>\$ (674,117)</u>
<b>EXPENDITURES</b>				
Current:				
Judicial administration	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Public safety	18,897	18,897	1,306	17,591
Community development	1,039,681	1,039,681	104,840	934,841
Total expenditures	<u>\$ 1,059,578</u>	<u>\$ 1,059,578</u>	<u>\$ 106,146</u>	<u>\$ 953,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (209,681)</u>	<u>\$ (209,681)</u>	<u>\$ 69,634</u>	<u>\$ 279,315</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 686	\$ 686
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686</u>	<u>\$ 686</u>
Net change in fund balances	<u>\$ (209,681)</u>	<u>\$ (209,681)</u>	<u>\$ 70,320</u>	<u>\$ 280,001</u>
Fund balances - beginning, as restated	209,681	209,681	364,280	154,599
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 434,600</u></u>	<u><u>\$ 434,600</u></u>

## County of Lunenburg, Virginia

## Schedule of Funding Progress-Virginia Retirement System

For the Year Ended June 30, 2011

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
County:						
6/30/2010	\$ 8,476,586	\$ 10,960,885	2,484,299	77.33%	\$ 2,151,666	115.46%
6/30/2009	8,661,357	10,119,407	1,458,050	85.59%	2,295,316	63.52%
6/30/2008	8,597,453	9,808,123	1,210,670	87.66%	2,305,173	52.52%
6/30/2007	7,803,838	8,694,484	890,646	89.76%	2,484,267	35.85%
6/30/2006	6,937,067	6,824,870	(112,197)	101.64%	1,989,633	-5.64%
6/30/2005	6,444,066	6,921,374	477,308	93.10%	1,904,059	25.07%
6/30/2004	6,207,632	5,860,399	(347,233)	105.93%	2,022,227	-17.17%
6/30/2003	6,061,282	5,587,357	(473,925)	108.48%	1,968,288	-24.08%
6/30/2002	5,946,521	5,128,269	(818,252)	115.96%	1,968,318	-41.57%
6/30/2001	5,686,878	4,670,289	(1,016,589)	121.77%	1,835,615	-55.38%
School Board Non-Professionals:						
6/30/2010	\$ 1,819,679	\$ 2,037,276	217,597	89.32%	\$ 676,124	32.18%
6/30/2009	1,788,680	1,838,302	49,622	97.30%	697,500	7.11%
6/30/2008	1,806,988	1,835,642	28,654	98.44%	724,927	3.95%
6/30/2007	1,608,962	1,613,978	5,016	99.69%	709,429	0.71%
6/30/2006	1,391,349	1,460,314	68,965	95.28%	676,728	10.19%
6/30/2005	1,271,916	1,372,535	100,619	92.67%	651,643	15.44%
6/30/2004	1,257,074	1,205,371	(51,703)	104.29%	644,622	-8.02%
6/30/2003	1,206,800	1,082,201	(124,599)	111.51%	592,662	-21.02%
6/30/2002	1,164,546	1,003,382	(161,164)	116.06%	599,933	-26.86%
6/30/2001	1,098,996	899,754	(199,242)	122.14%	595,092	-33.48%
6/30/2000	971,695	786,116	(185,579)	123.60%	545,161	-34.00%

**County of Lunenburg, Virginia**  
**Schedule of Funding Progress - Retiree Healthcare Plan**  
**For the Year Ended June 30, 2011**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA) (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as % of Payroll ((b-a)/c)</b>
School Board:						
1/1/2009	\$ -	\$ 648,500	\$ 648,500	0.00%	6,281,700	10.32%
1/1/2011	-	571,600	571,600	0.00%	6,051,700	9.45%

*OTHER SUPPLEMENTARY INFORMATION*

*COMBINING AND INDIVIDUAL FUNDS STATEMENTS  
AND SCHEDULES*



County of Lunenburg, Virginia  
County Debt Service Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Lunenburg School Board	\$ 385,162	\$ 385,162	\$ 385,162	\$ -
Federal	-	-	55,980	55,980
Total revenues	<u>\$ 385,162</u>	<u>\$ 385,162</u>	<u>\$ 441,142</u>	<u>\$ 55,980</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 915,213	\$ 915,213	\$ 915,213	\$ -
Interest and other fiscal charges	729,163	729,163	703,643	25,520
Total expenditures	<u>\$ 1,644,376</u>	<u>\$ 1,644,376</u>	<u>\$ 1,618,856</u>	<u>\$ 25,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,259,214)</u>	<u>\$ (1,259,214)</u>	<u>\$ (1,177,714)</u>	<u>\$ 81,500</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 1,259,214</u>	<u>\$ 1,259,214</u>	<u>\$ 498,134</u>	<u>\$ (761,080)</u>
Total other financing sources and uses	<u>\$ 1,259,214</u>	<u>\$ 1,259,214</u>	<u>\$ 498,134</u>	<u>\$ (761,080)</u>
Net change in fund balances	\$ -	\$ -	\$ (679,580)	\$ (679,580)
Fund balances - beginning	-	-	679,580	679,580
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Lunenburg, Virginia  
County Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 43,280	\$ 43,280	\$ -	\$ (43,280)
Revenue from the use of money and property	-	-	2,982	2,982
Charges for services	41,720	41,720	-	(41,720)
Total revenues	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 2,982</u>	<u>\$ (82,018)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 85,000	\$ 85,000	\$ 53,960	\$ 31,040
Debt service:				
Interest and other fiscal charges	-	-	28,915	(28,915)
Total expenditures	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 82,875</u>	<u>\$ 2,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,893)</u>	<u>\$ (79,893)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 721,506	\$ 721,506
Issuance of debt	-	-	1,175,000	1,175,000
Premium on bond sale	-	-	13,500	13,500
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,910,006</u>	<u>\$ 1,910,006</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,830,113</u>	<u>\$ 1,830,113</u>
Fund balances - beginning	-	-	(667,621)	(667,621)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162,492</u>	<u>\$ 1,162,492</u>

## County of Lunenburg, Virginia

**Fiduciary Funds**  
**Statement of Changes in Assets and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2011**

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 4,349	\$ 26,829	\$ 26,027	\$ 5,151
Liabilities:				
Amounts held for social services clients	\$ 4,349	\$ 26,829	\$ 26,027	\$ 5,151
<b>Cell Tower Escrow:</b>				
Liabilities:				
Reconciled overdraft payable	\$ 8,160	\$ -	\$ -	\$ 8,160
Amounts held for others	(8,160)	-	-	(8,160)
Total liabilities	\$ -	\$ -	\$ -	\$ -
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash	\$ 4,349	\$ 26,829	\$ 26,027	\$ 5,151
Total assets	\$ 4,349	\$ 26,829	\$ 26,027	\$ 5,151
Liabilities:				
Amounts held for others	\$ (8,160)	\$ -	\$ -	\$ (8,160)
Reconciled overdraft payable	8,160	-	-	8,160
Amounts held for social services clients	4,349	26,829	26,027	5,151
Total liabilities	\$ 4,349	\$ 26,829	\$ 26,027	\$ 5,151

*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

County of Lunenburg, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2011

	<b>School Operating Fund</b>	<b>School Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 463,668	\$ 463,668
Due from other governmental units	320,334	-	320,334
Total assets	<u>\$ 320,334</u>	<u>\$ 463,668</u>	<u>\$ 784,002</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 28,845	\$ 10,482	\$ 39,327
Due to other governmental units	291,489	-	291,489
Total liabilities	<u>\$ 320,334</u>	<u>\$ 10,482</u>	<u>\$ 330,816</u>
Fund balances:			
Assigned	\$ -	\$ 453,186	\$ 453,186
Total fund balances	<u>\$ -</u>	<u>\$ 453,186</u>	<u>\$ 453,186</u>
Total liabilities and fund balances	<u>\$ 320,334</u>	<u>\$ 463,668</u>	<u>\$ 784,002</u>

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

Total fund balances per above	\$ 453,186
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,178,118
Long-term liabilities, including OPEB liability, are not due and payable in the current period and, therefore, are not reported in the funds.	(34,420)
Net assets of governmental activities	<u>\$ 4,596,884</u>

**County of Lunenburg, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds - Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2011**

	<b>School Operating Fund</b>	<b>School Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Charges for services	\$ 118,127	\$ 246,806	\$ 364,933
Intergovernmental revenues:			
Local government	3,361,857	-	3,361,857
Commonwealth	9,848,704	-	9,848,704
Federal	3,287,955	50,840	3,338,795
Total revenues	<u>\$ 16,616,643</u>	<u>\$ 297,646</u>	<u>\$ 16,914,289</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 15,996,738	\$ 978,063	\$ 16,974,801
Total expenditures	<u>\$ 15,996,738</u>	<u>\$ 978,063</u>	<u>\$ 16,974,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 619,905</u>	<u>\$ (680,417)</u>	<u>\$ (60,512)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 619,905	\$ 619,905
Transfers out	(619,905)	-	(619,905)
Total other financing sources and uses	<u>\$ (619,905)</u>	<u>\$ 619,905</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (60,512)	\$ (60,512)
Fund balances - beginning	-	513,698	513,698
Fund balances - ending	<u>\$ -</u>	<u>\$ 453,186</u>	<u>\$ 453,186</u>

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

Net change in fund balances - total governmental funds - per above	\$	(60,512)
--	----	----------

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

Capital outlay	\$	236,068	
Transfer of joint tenancy assets		707,854	
Depreciation expense		<u>(633,094)</u>	310,828

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.		(18,720)
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Change in net assets of governmental activities	<u>\$</u>	<u>231,596</u>
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County of Lunenburg, 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, 2011**

	School Operating Fund			School Special Revenue Fund		
	Budgeted Amounts		Variance with	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)	Original	Final	Final Budget Positive (Negative)
<b>REVENUES</b>						
Charges for services	\$ 2,000	\$ 2,000	\$ 118,127	\$ 283,084	\$ 283,084	\$ (36,278)
Miscellaneous	91,550	91,550	(91,550)	-	-	-
Intergovernmental revenues:						
Local government	3,556,616	3,361,857	(194,759)	-	-	-
Commonwealth	9,904,792	9,848,704	(56,088)	-	-	-
Federal	3,463,143	3,287,955	(175,188)	-	-	50,840
Total revenues	\$ 17,018,201	\$ 16,616,643	\$ (401,558)	\$ 283,084	\$ 283,084	\$ 14,562
<b>EXPENDITURES</b>						
Current:						
Education	\$ 16,409,293	\$ 16,409,293	\$ 15,996,738	\$ 876,857	\$ 998,067	\$ 20,004
Capital projects	15,135	15,135	15,135	-	-	-
Total expenditures	\$ 16,424,428	\$ 16,424,428	\$ 15,996,738	\$ 876,857	\$ 998,067	\$ 20,004
Excess (deficiency) of revenues over (under) expenditures	\$ 593,773	\$ 593,773	\$ 619,905	\$ (593,773)	\$ (714,983)	\$ 34,566
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ -	\$ -	\$ -	\$ 593,773	\$ 593,773	\$ 26,132
Transfers out	(593,773)	(593,773)	(619,905)	-	-	-
Total other financing sources and uses	\$ (593,773)	\$ (593,773)	\$ (619,905)	\$ 593,773	\$ 593,773	\$ 26,132
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ (121,210)	\$ 60,698
Fund balances - beginning	-	-	-	-	121,210	392,488
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ 453,186	\$ 453,186

*DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY*



County of Lunenburg, Virginia  
Statement of Net Assets  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2011

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**ASSETS**

## Current assets:

Cash and cash equivalents

\$ 27,040

Total assets

\$ 27,040**NET ASSETS**

## Unrestricted

\$ 27,040

Total net assets

\$ 27,040

County of Lunenburg, Virginia  
Statement of Revenues, Expenses, and Changes in Net Assets  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2011

---

**OPERATING REVENUES**

Charges for services:

Contributions from local government

\$ 60,457

Total operating revenues

\$ 60,457**OPERATING EXPENSES**

Contractual services

\$ 54

Other charges

6,080

Tax incentives

60,457

Total operating expenses

\$ 66,591

Operating income (loss)

\$ (6,134)**NONOPERATING REVENUES (EXPENSES)**

Investment earnings

\$ 49

Total nonoperating revenues (expenses)

\$ 49

Change in net assets

\$ (6,085)

Total net assets - beginning

33,125

Total net assets - ending

\$ 27,040

**County of Lunenburg, Virginia**  
**Statement of Cash Flows**  
**Discretely Presented Component Unit - Industrial Development Authority**  
**For the Year Ended June 30, 2011**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 60,457
Payments for operating activities	(66,591)
Net cash provided (used) by operating activities	<u>\$ (6,134)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and dividends received	\$ 49
Net cash provided (used) by investing activities	<u>\$ 49</u>

Net increase (decrease) in cash and cash equivalents	\$ (6,085)
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Cash and cash equivalents - beginning	<u>33,125</u>
Cash and cash equivalents - ending	<u><u>\$ 27,040</u></u>

## *SUPPORTING SCHEDULES*

**County of Lunenburg, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

**Schedule 1**  
**Page 1 of 6**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,141,285	\$ 3,141,285	\$ 3,057,019	\$ (84,266)
Real and personal public service corporation taxes	110,000	110,000	115,976	5,976
Personal property taxes	2,139,000	2,139,000	2,135,118	(3,882)
Interest	1,200	1,200	12,990	11,790
Total general property taxes	<u>\$ 5,391,485</u>	<u>\$ 5,391,485</u>	<u>\$ 5,321,103</u>	<u>\$ (70,382)</u>
Other local taxes:				
Local sales and use taxes	\$ 390,000	\$ 390,000	\$ 369,398	\$ (20,602)
Utility taxes	193,000	193,000	183,802	(9,198)
Consumption tax	25,000	25,000	24,097	(903)
Taxes on recordation and wills	48,000	48,000	34,096	(13,904)
Total other local taxes	<u>\$ 656,000</u>	<u>\$ 656,000</u>	<u>\$ 611,393</u>	<u>\$ (44,607)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 8,210	\$ 210
Transfer fees	375	375	407	32
Permits and other licenses	24,000	24,000	18,611	(5,389)
Total permits, privilege fees, and regulatory licenses	<u>\$ 32,375</u>	<u>\$ 32,375</u>	<u>\$ 27,228</u>	<u>\$ (5,147)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 12,600	\$ 12,600	\$ 39,532	\$ 26,932
Total fines and forfeitures	<u>\$ 12,600</u>	<u>\$ 12,600</u>	<u>\$ 39,532</u>	<u>\$ 26,932</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 100,000	\$ 100,000	\$ 47,279	\$ (52,721)
Revenue from use of property	65,000	65,000	43,782	(21,218)
Total revenue from use of money and property	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ 91,061</u>	<u>\$ (73,939)</u>
Charges for services:				
Sheriff's fees	\$ 647	\$ 647	\$ 646	\$ (1)
Courthouse security fees	14,500	14,500	17,405	2,905
Law library fees	1,000	1,000	-	(1,000)
Landfill fees	22,025	31,225	-	(31,225)
Convenience sites	141,000	141,000	117,871	(23,129)
Charges for Commonwealth's Attorney	400	400	460	60
Charges for correction and detention	1,200	1,200	1,237	37
Document reproduction costs	-	-	1,321	1,321
Total charges for services	<u>\$ 180,772</u>	<u>\$ 189,972</u>	<u>\$ 138,940</u>	<u>\$ (51,032)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 122,215	\$ 122,215	\$ 291,739	\$ 169,524
Total miscellaneous revenue	<u>\$ 122,215</u>	<u>\$ 122,215</u>	<u>\$ 291,739</u>	<u>\$ 169,524</u>
Recovered costs:				
Piedmont Regional Jail	\$ 17,000	\$ 17,000	\$ 29,765	\$ 12,765
Town of Victoria/Town of Kenbridge	15,000	15,000	-	(15,000)
Circuit court reimbursement	10,907	10,907	-	(10,907)
Total recovered costs	<u>\$ 42,907</u>	<u>\$ 42,907</u>	<u>\$ 29,765</u>	<u>\$ (13,142)</u>
Total revenue from local sources	<u>\$ 6,603,354</u>	<u>\$ 6,612,554</u>	<u>\$ 6,550,761</u>	<u>\$ (61,793)</u>

**County of Lunenburg, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

**Schedule 1**  
**Page 2 of 6**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 52,000	\$ 52,000	\$ 214,990	\$ 162,990
Mobile home titling tax	17,500	17,500	21,905	4,405
Rolling stock tax	5,500	5,500	5,387	(113)
Recordation tax	10,000	10,000	20,765	10,765
Auto rental tax	300	300	99	(201)
Personal property tax relief funds	1,048,000	1,048,000	1,048,232	232
Total noncategorical aid	<u>\$ 1,133,300</u>	<u>\$ 1,133,300</u>	<u>\$ 1,311,378</u>	<u>\$ 178,078</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 205,867	\$ 205,867	\$ 178,868	\$ (26,999)
Sheriff	688,158	688,158	650,573	(37,585)
Commissioner of revenue	74,814	74,814	74,496	(318)
Treasurer	75,307	75,307	72,220	(3,087)
Registrar/electoral board	49,395	43,395	36,391	(7,004)
Clerk of the Circuit Court	179,492	179,492	183,473	3,981
Total shared expenses	<u>\$ 1,273,033</u>	<u>\$ 1,267,033</u>	<u>\$ 1,196,021</u>	<u>\$ (71,012)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 360,638	\$ 360,638	\$ 338,973	\$ (21,665)
Payment in lieu of taxes/prison	-	-	34,824	34,824
Anti-drug grant	4,500	4,500	-	(4,500)
SRO grant	11,800	11,800	-	(11,800)
Animal friendly plates	130	130	183	53
Comprehensive services act	600,000	600,000	1,078,630	478,630
Law enforcement grant	7,000	7,000	-	(7,000)
Emergency medical services	-	-	12,097	12,097
Victim-witness grant	27,000	27,000	54,986	27,986
E-911 wireless	188,194	188,194	42,698	(145,496)
Fire programs fund	38,000	38,000	28,719	(9,281)
Litter control	6,125	6,125	6,944	819
Regional water plan	-	-	2,000	2,000
State aid reductions	-	(90,500)	-	90,500
Total other categorical aid	<u>\$ 1,243,387</u>	<u>\$ 1,152,887</u>	<u>\$ 1,600,054</u>	<u>\$ 447,167</u>
Total categorical aid	<u>\$ 2,516,420</u>	<u>\$ 2,419,920</u>	<u>\$ 2,796,075</u>	<u>\$ 376,155</u>
Total revenue from the Commonwealth	<u>\$ 3,649,720</u>	<u>\$ 3,553,220</u>	<u>\$ 4,107,453</u>	<u>\$ 554,233</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 539,362	\$ 539,362	\$ 506,961	\$ (32,401)
Customs and border protect grant	-	-	23,103	23,103
Byrne JAG funds	-	-	47,405	47,405
FEMA/Homeland Security grants	125,000	125,000	79,445	(45,555)
Transportation safety grant	-	-	15,405	15,405
Total categorical aid	<u>\$ 664,362</u>	<u>\$ 664,362</u>	<u>\$ 672,319</u>	<u>\$ 7,957</u>
Total revenue from the federal government	<u>\$ 664,362</u>	<u>\$ 664,362</u>	<u>\$ 672,319</u>	<u>\$ 7,957</u>
Total General Fund	<u>\$ 10,917,436</u>	<u>\$ 10,830,136</u>	<u>\$ 11,330,533</u>	<u>\$ 500,397</u>

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 12,500	\$ 12,500	\$ 26,374	\$ 13,874
Total revenue from use of money and property	\$ 12,500	\$ 12,500	\$ 26,374	\$ 13,874
Charges for services:				
Law Library	\$ 1,000	\$ 1,000	\$ 1,080	\$ 80
Total charges for services	\$ 1,000	\$ 1,000	\$ 1,080	\$ 80
Miscellaneous revenue:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 57,787	\$ 47,787
Total miscellaneous revenue	\$ 10,000	\$ 10,000	\$ 57,787	\$ 47,787
Total revenue from local sources	\$ 23,500	\$ 23,500	\$ 85,241	\$ 61,741
Revenue from the Commonwealth:				
Categorical aid:				
Aviation fees	\$ 7,500	\$ 7,500	\$ 5,248	\$ (2,252)
Tobacco funds	800,000	800,000	50,000	(750,000)
Forfeited assets	18,897	18,897	291	(18,606)
Regional plan and community development funds	-	-	35,000	35,000
Total categorical aid	\$ 826,397	\$ 826,397	\$ 90,539	\$ (735,858)
Total revenue from the Commonwealth	\$ 826,397	\$ 826,397	\$ 90,539	\$ (735,858)
Total County Special Revenue Fund	\$ 849,897	\$ 849,897	\$ 175,780	\$ (674,117)

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Debt Service Fund:</b>				
<b>County Debt Service Fund:</b>				
Intergovernmental revenue:				
Revenues from local governments:				
Contribution from Lunenburg School Board	\$ 385,162	\$ 385,162	\$ 385,162	\$ -
Total revenues from local governments	<u>\$ 385,162</u>	<u>\$ 385,162</u>	<u>\$ 385,162</u>	<u>\$ -</u>
Revenue from the federal government:				
Categorical aid:				
QZAB subsidy	\$ -	\$ -	\$ 55,980	\$ 55,980
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,980</u>	<u>\$ 55,980</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,980</u>	<u>\$ 55,980</u>
Total County Debt Service Fund	<u>\$ 385,162</u>	<u>\$ 385,162</u>	<u>\$ 441,142</u>	<u>\$ 55,980</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Payment in lieu of taxes-prison	\$ 43,280	\$ 43,280	\$ -	\$ (43,280)
Total other local taxes	<u>\$ 43,280</u>	<u>\$ 43,280</u>	<u>\$ -</u>	<u>\$ (43,280)</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,982	\$ 2,982
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,982</u>	<u>\$ 2,982</u>
Charges for services:				
Courthouse fees	\$ 41,720	\$ 41,720	\$ -	\$ (41,720)
Total charges for services	<u>\$ 41,720</u>	<u>\$ 41,720</u>	<u>\$ -</u>	<u>\$ (41,720)</u>
Total revenue from local sources	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 2,982</u>	<u>\$ (82,018)</u>
Total County Capital Projects Fund	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 2,982</u>	<u>\$ (82,018)</u>
Total Primary Government	<u>\$ 12,237,495</u>	<u>\$ 12,150,195</u>	<u>\$ 11,950,437</u>	<u>\$ (199,758)</u>



County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 100	\$ 100	\$ -	\$ (100)
Total revenue from use of money and property	\$ 100	\$ 100	\$ -	\$ (100)
Charges for services:				
Charges for education	\$ 2,000	\$ 2,000	\$ 118,127	\$ 116,127
Miscellaneous revenue:				
Miscellaneous	\$ 91,550	\$ 91,550	\$ -	\$ (91,550)
Total revenue from local sources	\$ 93,650	\$ 93,650	\$ 118,127	\$ 24,477
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Lunenburg, Virginia	\$ 3,556,616	\$ 3,556,616	\$ 3,361,857	\$ (194,759)
Total revenues from local governments	\$ 3,556,616	\$ 3,556,616	\$ 3,361,857	\$ (194,759)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,481,909	\$ 1,481,909	\$ 1,542,489	\$ 60,580
Basic school aid	5,194,148	5,194,148	5,055,837	(138,311)
Remedial summer education	83,141	83,141	85,255	2,114
Regular foster care	19,761	19,761	-	(19,761)
Gifted and talented	52,882	52,882	54,016	1,134
Remedial education	244,430	244,430	249,675	5,245
Special education	678,059	678,059	692,608	14,549
Textbook payment	61,742	61,742	63,067	1,325
GED funding	7,859	7,859	7,859	-
Vocational education	230,684	230,684	235,378	4,694
School fringes	532,340	532,340	543,763	11,423
Early reading intervention	32,720	32,720	30,383	(2,337)
School food program	17,009	17,009	17,423	414
Homebound	20,834	20,834	17,211	(3,623)
Adult education	2,754	2,754	-	(2,754)
Mentor teacher program	1,347	1,347	2,967	1,620
Lottery proceeds	190,732	190,732	185,536	(5,196)
At risk payments	546,400	546,400	553,323	6,923
Technology refunds	154,000	154,000	154,000	-
Industry certification funds	-	-	2,053	2,053
Primary class size	304,199	304,199	307,188	2,989
Standards of Learning algebra readiness	28,743	28,743	28,743	-

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
Page 6 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
English as a second language	\$ 19,099	\$ 19,099	\$ 19,930	\$ 831
Total categorical aid	\$ 9,904,792	\$ 9,904,792	\$ 9,848,704	\$ (56,088)
Total revenue from the Commonwealth	\$ 9,904,792	\$ 9,904,792	\$ 9,848,704	\$ (56,088)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 578,391	\$ 578,391	\$ 602,483	\$ 24,092
Title I	876,425	876,425	750,290	(126,135)
Title I, ARRA	200,504	200,504	67,379	(133,125)
Drug free schools	10,459	10,459	4,931	(5,528)
Title VI-Rural	42,000	42,000	15,875	(26,125)
School improvement grant	50,000	50,000	-	(50,000)
Title VIB	430,245	430,245	426,824	(3,421)
1003G School improvement grant	-	-	12,585	12,585
Title VIB, ARRA	250,377	250,377	67,072	(183,305)
Preschool grant	14,485	14,485	3,069	(11,416)
Preschool grant, ARRA	-	-	5,187	5,187
21st century learning grant	696,000	696,000	348,284	(347,716)
Title II, part a-teacher quality	218,786	218,786	136,247	(82,539)
Education technology state grants	5,571	5,571	4,224	(1,347)
Education technology state grants - ARRA	14,404	14,404	14,104	(300)
Language acquisition	5,731	5,731	2,417	(3,314)
Carl Perkins Grant	41,765	41,765	43,602	1,837
State fiscal stabilization funds	-	-	761,106	761,106
JROTC	28,000	28,000	22,276	(5,724)
Total categorical aid	\$ 3,463,143	\$ 3,463,143	\$ 3,287,955	\$ (175,188)
Total revenue from the federal government	\$ 3,463,143	\$ 3,463,143	\$ 3,287,955	\$ (175,188)
Total School Operating Fund	\$ 17,018,201	\$ 17,018,201	\$ 16,616,643	\$ (401,558)
<b>School Special Revenue Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 283,084	\$ 283,084	\$ 246,337	\$ (36,747)
Textbook fees	-	-	469	469
Total charges for services	\$ 283,084	\$ 283,084	\$ 246,806	\$ (36,278)
Total revenue from local sources	\$ 283,084	\$ 283,084	\$ 246,806	\$ (36,278)
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ -	\$ 50,840	\$ 50,840
Total categorical aid	\$ -	\$ -	\$ 50,840	\$ 50,840
Total revenue from the federal government	\$ -	\$ -	\$ 50,840	\$ 50,840
Total School Special Revenue Fund	\$ 283,084	\$ 283,084	\$ 297,646	\$ 14,562
Total Discretely Presented Component Unit - School Board	\$ 17,301,285	\$ 17,301,285	\$ 16,914,289	\$ (386,996)

**County of Lunenburg, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

**Schedule 2**  
**Page 1 of 4**

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 49,320	\$ 49,320	\$ 54,920	\$ (5,600)
General and financial administration:				
County administrator	\$ 217,775	\$ 217,775	\$ 174,233	\$ 43,542
Professional services	100,000	100,000	140,154	(40,154)
Commissioner of revenue	301,208	301,208	237,108	64,100
Treasurer	222,986	222,986	193,241	29,745
Other general and financial administration	85,460	85,460	76,181	9,279
Total general and financial administration	\$ 927,429	\$ 927,429	\$ 820,917	\$ 106,512
Board of elections:				
Electoral board and officials	\$ 24,363	\$ 24,363	\$ 18,909	\$ 5,454
Voting machine	5,000	5,000	1,276	3,724
Registrar	68,400	68,400	67,700	700
Total board of elections	\$ 97,763	\$ 97,763	\$ 87,885	\$ 9,878
Total general government administration	\$ 1,074,512	\$ 1,074,512	\$ 963,722	\$ 110,790
Judicial administration:				
Courts:				
Circuit court	\$ 12,480	\$ 12,480	\$ 11,013	\$ 1,467
General district court	5,700	5,700	5,233	467
Special Magistrates	1,325	1,325	1,157	168
Juvenile and domestic relations court	49,300	49,300	18,124	31,176
Victim witness	36,686	36,686	36,435	251
Sheriff	14,500	14,500	11,636	2,864
Clerk of the circuit court	254,253	254,253	244,289	9,964
Total courts	\$ 374,244	\$ 374,244	\$ 327,887	\$ 46,357
Commonwealth's attorney:				
Commonwealth's attorney	\$ 253,861	\$ 253,861	\$ 223,698	\$ 30,163
Total commonwealth's attorney	\$ 253,861	\$ 253,861	\$ 223,698	\$ 30,163
Total judicial administration	\$ 628,105	\$ 628,105	\$ 551,585	\$ 76,520
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,097,230	\$ 1,097,230	\$ 1,137,865	\$ (40,635)
Total law enforcement and traffic control	\$ 1,097,230	\$ 1,097,230	\$ 1,137,865	\$ (40,635)
Fire and rescue services:				
Fire department	\$ 389,655	\$ 389,655	\$ 290,154	\$ 99,501
Total fire and rescue services	\$ 389,655	\$ 389,655	\$ 290,154	\$ 99,501
Correction and detention:				
Payments to Regional Jail	\$ 21,000	\$ 21,000	\$ 28,312	\$ (7,312)
Total correction and detention	\$ 21,000	\$ 21,000	\$ 28,312	\$ (7,312)
Inspections:				
Building	\$ 83,271	\$ 83,271	\$ 82,382	\$ 889
Total inspections	\$ 83,271	\$ 83,271	\$ 82,382	\$ 889

**County of Lunenburg, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

**Schedule 2**  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 58,133	\$ 58,133	\$ 65,673	\$ (7,540)
E-911	210,409	210,409	149,058	61,351
Medical examiner	200	200	235	(35)
Total other protection	<u>\$ 268,742</u>	<u>\$ 268,742</u>	<u>\$ 214,966</u>	<u>\$ 53,776</u>
Total public safety	<u>\$ 1,859,898</u>	<u>\$ 1,859,898</u>	<u>\$ 1,753,679</u>	<u>\$ 106,219</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 615,150	\$ 615,150	\$ 796,610	\$ (181,460)
Convenience sites	201,000	201,000	10,827	190,173
Total sanitation and waste removal	<u>\$ 816,150</u>	<u>\$ 816,150</u>	<u>\$ 807,437</u>	<u>\$ 8,713</u>
Maintenance of general buildings and grounds:				
General properties	\$ 234,979	\$ 234,979	\$ 225,700	\$ 9,279
Total maintenance of general buildings and grounds	<u>\$ 234,979</u>	<u>\$ 234,979</u>	<u>\$ 225,700</u>	<u>\$ 9,279</u>
Total public works	<u>\$ 1,051,129</u>	<u>\$ 1,051,129</u>	<u>\$ 1,033,137</u>	<u>\$ 17,992</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 90,172	\$ 90,172	\$ 84,972	\$ 5,200
Total health	<u>\$ 90,172</u>	<u>\$ 90,172</u>	<u>\$ 84,972</u>	<u>\$ 5,200</u>
Mental health and mental retardation:				
Crossroad Board	\$ 51,000	\$ 51,000	\$ 51,000	\$ -
Total mental health and mental retardation	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,041,720	\$ 1,041,720	\$ 970,095	\$ 71,625
Comprehensive services act	706,000	706,000	1,288,809	(582,809)
Other Social Services	38,300	38,300	38,300	-
Total welfare	<u>\$ 1,786,020</u>	<u>\$ 1,786,020</u>	<u>\$ 2,297,204</u>	<u>\$ (511,184)</u>
Total health and welfare	<u>\$ 1,927,192</u>	<u>\$ 1,927,192</u>	<u>\$ 2,433,176</u>	<u>\$ (505,984)</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 3,142	\$ 3,142	\$ 3,142	\$ -
Contribution to County School Board	3,556,616	3,556,616	3,361,857	194,759
Total education	<u>\$ 3,559,758</u>	<u>\$ 3,559,758</u>	<u>\$ 3,364,999</u>	<u>\$ 194,759</u>
Parks, recreation, and cultural:				
Library:				
Contribution to regional library	\$ 133,242	\$ 138,242	\$ 138,749	\$ (507)
Total library	<u>\$ 133,242</u>	<u>\$ 138,242</u>	<u>\$ 138,749</u>	<u>\$ (507)</u>
Total parks, recreation, and cultural	<u>\$ 133,242</u>	<u>\$ 138,242</u>	<u>\$ 138,749</u>	<u>\$ (507)</u>
Community development:				
Planning and community development:				
Planning and community development	\$ 251,835	\$ 251,535	\$ 226,149	\$ 25,386
Total planning and community development	<u>\$ 251,835</u>	<u>\$ 251,535</u>	<u>\$ 226,149</u>	<u>\$ 25,386</u>

**County of Lunenburg, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

**Schedule 2**  
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<b>Fund, Function, Activity and Element</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>General Fund: (Continued)</b>				
Environmental management:				
Contribution to soil and water conservation district	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Biosolids manager	2,500	2,500	-	2,500
Total environmental management	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 7,000</u>	<u>\$ 2,500</u>
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 67,329	\$ 67,329	\$ 50,854	\$ 16,475
Total cooperative extension program	<u>\$ 67,329</u>	<u>\$ 67,329</u>	<u>\$ 50,854</u>	<u>\$ 16,475</u>
Total community development	<u>\$ 328,664</u>	<u>\$ 328,364</u>	<u>\$ 284,003</u>	<u>\$ 44,361</u>
Capital projects:				
Capital improvements	\$ 115,000	\$ 115,000	\$ 18,503	\$ 96,497
Total capital projects	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 18,503</u>	<u>\$ 96,497</u>
Debt service:				
Principal retirement	\$ 22,369	\$ 22,369	\$ 22,369	\$ -
Interest and other fiscal charges	2,807	2,807	2,807	-
Total debt service	<u>\$ 25,176</u>	<u>\$ 25,176</u>	<u>\$ 25,176</u>	<u>\$ -</u>
Total General Fund	<u><u>\$ 10,702,676</u></u>	<u><u>\$ 10,707,376</u></u>	<u><u>\$ 10,566,729</u></u>	<u><u>\$ 140,647</u></u>
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund:</b>				
Judicial Administration:				
Law Library	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total judicial administration	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Public Safety:				
Sheriff:				
Asset forfeiture	\$ 18,897	\$ 18,897	\$ 1,306	\$ 17,591
Total Sheriff	<u>\$ 18,897</u>	<u>\$ 18,897</u>	<u>\$ 1,306</u>	<u>\$ 17,591</u>
Total public safety	<u>\$ 18,897</u>	<u>\$ 18,897</u>	<u>\$ 1,306</u>	<u>\$ 17,591</u>
Community Development:				
Airport Commission	\$ 30,000	\$ 30,000	\$ 28,577	\$ 1,423
Tobacco grant	1,009,681	1,009,681	76,263	933,418
Total community development	<u>\$ 1,039,681</u>	<u>\$ 1,039,681</u>	<u>\$ 104,840</u>	<u>\$ 934,841</u>
Total County Special Revenue Fund	<u><u>\$ 1,059,578</u></u>	<u><u>\$ 1,059,578</u></u>	<u><u>\$ 106,146</u></u>	<u><u>\$ 953,432</u></u>
<b>Debt Service Fund:</b>				
<b>County Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 915,213	\$ 915,213	\$ 915,213	\$ -
Interest and other fiscal charges	729,163	729,163	703,643	25,520
Total debt service	<u>\$ 1,644,376</u>	<u>\$ 1,644,376</u>	<u>\$ 1,618,856</u>	<u>\$ 25,520</u>
Total County Debt Service Fund	<u><u>\$ 1,644,376</u></u>	<u><u>\$ 1,644,376</u></u>	<u><u>\$ 1,618,856</u></u>	<u><u>\$ 25,520</u></u>

County of Lunenburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 2  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Capital projects expenditures:				
Capital projects	\$ 85,000	\$ 85,000	\$ 53,960	\$ 31,040
Total capital projects	\$ 85,000	\$ 85,000	\$ 53,960	\$ 31,040
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 28,915	\$ (28,915)
Total debt service	\$ -	\$ -	\$ 28,915	\$ (28,915)
Total County Capital Projects Fund	\$ 85,000	\$ 85,000	\$ 82,875	\$ 2,125
Total Primary Government	\$ 13,491,630	\$ 13,496,330	\$ 12,374,606	\$ 1,121,724
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration, health, and attendance	\$ 840,700	\$ 840,700	\$ 679,841	\$ 160,859
Instruction costs	12,335,878	12,335,878	12,254,625	81,253
Pupil transportation	1,303,566	1,303,566	1,278,623	24,943
Operation and maintenance of school plant	1,543,987	1,543,987	1,398,487	145,500
Contribution to County of Lunenburg, Virginia	385,162	385,162	385,162	-
Total education	\$ 16,409,293	\$ 16,409,293	\$ 15,996,738	\$ 412,555
Capital projects:				
Facilities	\$ 15,135	\$ 15,135	\$ -	\$ 15,135
Total capital projects	\$ 15,135	\$ 15,135	\$ -	\$ 15,135
Total School Operating Fund	\$ 16,424,428	\$ 16,424,428	\$ 15,996,738	\$ 427,690
<b>School Special Revenue Fund:</b>				
Education:				
Textbooks purchased	\$ -	\$ 121,210	\$ 87,803	\$ 33,407
Administration of school food program	876,857	876,857	839,420	37,437
Commodities	-	-	50,840	(50,840)
Total school food services	\$ 876,857	\$ 998,067	\$ 978,063	\$ 20,004
Total education	\$ 876,857	\$ 998,067	\$ 978,063	\$ 20,004
Total School Special Revenue Fund	\$ 876,857	\$ 998,067	\$ 978,063	\$ 20,004
Total Discretely Presented Component Unit - School Board	\$ 17,301,285	\$ 17,422,495	\$ 16,974,801	\$ 447,694

## *OTHER STATISTICAL TABLES*

Table 1

**County of Lunenburg, Virginia**  
**Government-Wide Expenses by Function**  
**Last Nine Fiscal Years (1)**

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2003	\$ 1,118,388	\$ 433,754	\$ 1,243,903	\$ 654,717	\$ 4,586,753	\$ 4,271,854	\$ -	\$ 425,454	\$ 207,527	\$ 12,942,350
2004	856,745	477,155	1,333,319	850,686	4,330,538	515,230	-	426,708	667,045	9,457,426
2005	821,357	301,582	1,402,678	643,099	1,678,087	5,099,231	-	229,148	897,251	11,072,433
2006	872,726	552,728	1,539,548	691,477	1,424,581	5,193,378	-	717,798	1,115,450	12,107,686
2007	1,047,248	749,998	1,548,950	57,215	1,629,418	3,762,143	138,242	486,207	815,530	10,234,951
2008	1,267,311	788,780	1,589,530	1,066,336	2,139,340	3,722,611	-	1,178,275	743,397	12,495,580
2009	1,060,810	1,012,121	1,680,314	1,813,739	2,345,844	3,343,586	-	1,150,648	706,413	13,113,475
2010	1,158,659	770,596	1,851,410	1,434,191	2,058,065	3,622,849	133,242	487,960	677,615	12,194,587
2011	993,543	786,302	1,796,683	1,349,351	2,426,380	3,687,691	138,749	408,819	705,728	12,293,246

(1) Information has only been available for nine years.



Table 2

**County of Lunenburg, Virginia  
Government-Wide Revenues  
Last Nine Fiscal Years (1)**

PROGRAM REVENUES				GENERAL REVENUES						
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2003	\$ 173,436	\$ 5,405,744	\$ 83,606	\$ 3,612,986	\$ 961,145	\$ 558,334	\$ 50,707	\$ 1,087,262	\$ 11,933,220	
2004	275,220	6,001,724	-	3,762,956	1,001,498	321,493	187,169	1,193,145	12,743,205	
2005	205,685	2,483,908	-	3,925,402	1,068,937	298,052	91,906	1,495,288	9,569,178	
2006	229,564	2,984,437	126,231	4,148,559	1,021,693	531,082	144,720	2,613,337	11,799,623	
2007	177,896	3,488,400	126,669	4,930,611	1,135,295	563,960	533,121	1,153,669	12,109,621	
2008	192,836	4,197,951	126,396	5,141,240	1,104,475	373,171	507,423	1,115,543	12,759,035	
2009	152,202	3,524,726	-	5,558,933	889,096	260,983	87,021	1,099,010	11,571,971	
2010	287,780	4,197,527	-	5,394,155	640,729	166,291	144,487	1,287,101	12,118,070	
2011	206,780	3,614,913	-	5,355,045	611,393	120,417	349,526	1,311,378	11,569,452	

(1) Information has only been available for nine years.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2002	\$ 941,333	\$ 489,769	\$ 1,130,695	\$ 532,599	\$ 1,518,882	\$ 13,758,868	\$ -	\$ 349,488	\$ 538,108	\$ 19,259,742
2003	1,068,697	467,781	1,124,023	976,323	4,742,841	13,949,722	-	427,053	450,687	23,207,127
2004	806,869	516,912	1,324,524	575,132	4,656,079	14,089,461	-	411,214	876,869	23,257,060
2005	819,600	501,053	1,443,311	642,081	1,713,322	15,514,113	133,242	232,576	1,065,081	22,064,379
2006	863,887	551,471	1,427,408	744,635	1,432,282	16,567,203	-	700,643	1,421,129	23,708,658
2007	997,795	606,384	1,654,741	756,233	1,616,950	17,269,676	138,242	469,824	1,711,642	25,221,487
2008	1,061,929	535,879	1,599,390	1,027,727	2,161,754	17,049,964	-	1,158,703	1,678,318	26,273,664
2009	994,533	574,202	1,696,089	1,159,999	2,294,238	17,553,259	-	1,144,920	1,613,638	27,030,878
2010	1,106,845	563,350	2,556,889	1,036,023	2,058,513	16,871,972	133,242	484,086	1,638,396	26,449,316
2011	963,722	551,585	1,754,985	1,033,137	2,433,176	16,977,943	138,749	388,843	1,672,947	25,915,087

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

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

(3) Excludes Capital Projects.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2002	\$ 3,536,256	\$ 895,023	\$ 47,998	\$ 9,559	\$ 311,129	\$ 472,034	\$ 126,730	\$ 420,493	\$ 14,149,062	\$ 19,968,284
2003	3,604,032	916,869	40,795	11,529	193,058	436,528	40,556	312,828	16,988,363	22,544,558
2004	3,739,096	948,964	50,904	5,686	252,810	553,807	187,169	406,813	18,162,589	24,307,838
2005	4,210,219	1,026,258	44,038	4,993	190,128	698,101	91,906	133,292	15,115,748	21,514,683
2006	4,320,849	1,021,693	45,875	10,885	531,082	690,619	144,720	101,053	18,132,238	24,999,014
2007	4,802,442	1,089,242	43,599	10,135	406,627	683,611	33,121	120,700	18,431,238	25,620,715
2008	5,037,134	1,104,475	37,001	10,642	281,880	763,611	507,573	77,972	18,885,606	26,705,894
2009	5,490,039	845,816	44,260	12,235	247,754	526,005	188,646	68,324	19,037,845	26,460,924
2010	5,311,432	640,729	30,566	22,632	165,380	540,584	242,927	38,257	18,997,195	25,989,702
2011	5,321,103	611,393	27,228	39,532	117,435	504,953	349,526	29,765	18,113,790	25,114,725

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

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

(3) Excludes Capital Projects.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2002	\$ 4,656,326	\$ 4,430,951	95.16%	\$ 98,655	\$ 4,529,606	97.28%	\$ 585,349	12.57%
2003	4,708,633	4,379,576	93.01%	126,486	4,506,062	95.70%	654,304	13.90%
2004	4,918,609	4,622,055	93.97%	127,219	4,749,274	96.56%	633,455	12.88%
2005	5,189,115	4,852,095	93.51%	293,097	5,145,192	99.15%	533,038	10.27%
2006	5,441,786	5,229,548	96.10%	147,596	5,377,144	98.81%	452,639	8.32%
2007	5,742,724	5,717,372	99.56%	161,591	5,878,963	102.37%	421,739	7.34%
2008	5,008,531	4,787,234	95.58%	118,147	4,905,381	97.94%	361,653	7.22%
2009	5,519,039	5,305,586	96.13%	161,618	5,467,204	99.06%	541,743	9.82%
2010	6,330,617	6,103,459	96.41%	248,538	6,351,997	100.34%	588,010	9.29%
2011	6,370,760	6,092,933	95.64%	263,411	6,356,344	99.77%	625,605	9.82%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

Table 6

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

Fiscal Year	Personal Property and Mobile Homes			Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
	Real Estate (1)					Real Estate	Personal Property		
2002	\$ 395,476,174	\$ 69,169,459	\$ 14,657,470	\$ 2,195,780	\$ 27,276,892	\$ 9,517	\$ 508,785,292		
2003	403,822,562	68,676,566	15,185,780	4,448,910	27,578,798	-	519,712,616		
2004	410,718,368	73,298,813	14,726,550	3,155,910	26,913,753	-	528,813,394		
2005	555,524,533	72,186,971	16,474,960	3,842,560	31,591,620	-	679,620,644		
2006	561,941,100	79,390,477	17,569,810	4,181,950	30,228,596	-	693,311,933		
2007	575,891,527	91,503,605	8,434,150	5,477,320	26,527,334	-	707,833,936		
2008	588,071,913	92,209,376	9,725,364	5,572,380	26,479,654	-	722,058,687		
2009	863,350,500	97,694,733	11,243,016	5,074,250	35,750,483	-	1,013,112,982		
2010	871,988,824	86,504,098	12,637,030	4,588,940	34,579,627	-	1,010,298,519		
2011	879,151,906	87,813,973	13,991,880	4,841,700	35,132,126	-	1,020,931,585		

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

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

Table 7

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

Fiscal Year	Real Estate		Personal Property		Machinery and Tools		Merchant's Capital	
2002	\$	0.50	\$	3.50	\$	1.80	\$	1.20
2003		0.50		3.50		1.80		1.20
2004		0.50		3.50		1.80		1.20
2005		0.42		3.50		1.80		1.20
2006		0.42		3.50		1.80		1.20
2007		0.44		3.50		1.80		1.20
2008		0.46		3.60		1.80		1.20
2009		0.33		3.60		1.80		1.20
2010		0.33		3.60		1.80		1.20
2011		0.33		3.60		1.80		1.20

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2002	13,146	\$ 508,785,292	\$ 3,235,622	\$ 3,235,622	0.64%	\$ 246
2003	13,146	519,712,616	14,032,938	14,032,938	2.70%	1,067
2004	13,146	528,813,394	13,790,034	13,790,034	2.61%	1,049
2005	13,146	679,620,644	13,451,833	13,451,833	1.98%	1,023
2006	13,146	693,311,933	11,784,293	11,784,293	1.70%	896
2007	13,146	707,833,936	11,182,568	11,182,568	1.58%	851
2008	13,146	722,058,687	10,544,174	10,544,174	1.46%	802
2009	13,146	1,013,112,982	9,888,846	9,888,846	0.98%	752
2010	12,914	1,010,298,519	9,207,323	9,207,323	0.91%	713
2011	12,914	1,020,931,585	9,674,469	9,674,469	0.95%	749

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

(2) From Table 6.

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

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

## *COMPLIANCE SECTION*



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To The Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, 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 Lunenburg, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Lunenburg, Virginia's basic financial statements and have issued our report thereon dated January 18, 2012. 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 Lunenburg, 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 Lunenburg, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Lunenburg, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2011-01).

### Compliance and Other Matters

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

We noted certain matters that we reported to the management of the County of Lunenburg, Virginia, in a separate letter dated January 18, 2012.

The County of Lunenburg, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Lunenburg, Virginia's response and, accordingly, we express no opinion on it.

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

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

Richmond, Virginia  
January 18, 2012

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited County of Lunenburg, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Lunenburg, Virginia's major federal programs for the year ended June 30, 2011. The County of Lunenburg, 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 Lunenburg, Virginia's management. Our responsibility is to express an opinion on the County of Lunenburg, Virginia's compliance based on our audit.

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

In our opinion, the County of Lunenburg, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

Management of the County of Lunenburg, 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 Lunenburg, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Lunenburg, Virginia's internal control over compliance.

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

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

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

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

Richmond, Virginia  
January 18, 2012

**County of Lunenburg, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2011**

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 477
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	85,398
Refugee and Entrant Assistance - State Administered Program	93.566	0500109/0500110	209
Low Income Home Energy Assistance	93.568	0600409/0600410	9,691
Child care and development fund cluster:			
Child Care and Development Block Grant	93.575	0770109/0770110	17,650
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	15,635
ARRA - Child Care and Development Block Grant	93.713	0740109/0780109	3,307
Stephanie Tubbs Jones Child welfare services program	93.645	0900109/0900110	358
Foster Care - Title IV-E	93.658	1100109/1100110	99,872
ARRA - Foster Care - Title IV-E	93.658	1100109/1100110	4,851
Total CFDA# 93.658			<u>\$ 104,723</u>
Adoption Assistance	93.659	1120109/1120110	14,691
ARRA - Adoption Assistance	93.659	1120109/1120110	949
Total CFDA# 93.659			<u>\$ 15,640</u>
Social Services Block Grant	93.667	1000109/1000110	49,624
Chafee Foster Care Independence Program	93.674	9150109/9150110	837
Children's Health Insurance Program	93.767	0540109/0540110	3,645
Medical Assistance Program	93.778	1200109/1200110	73,300
Total Department of Health and Human Services			<u>\$ 380,494</u>
Department of Homeland Security:			
Direct Payments:			
Customs and border protect grant	97.xxx	N/A	<u>\$ 23,103</u>
Pass Through Payments:			
Department of Emergency Services:			
State Homeland Security Program	97.073	77501-52708	<u>\$ 79,445</u>
Total Department of Homeland Security			<u>\$ 102,548</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture and Consumer Services:			
Child nutrition cluster:			
Food Distribution	10.555	17901-45707	\$ 50,840
Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	17901-40623	437,269
Total CFDA# 10.555			<u>\$ 488,109</u>
Department of Education:			
School breakfast program	10.553	17901-40591	165,214

**County of Lunenburg, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2011**

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
SNAP cluster:			
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109/0040110	120,385
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010100	6,082
Total CFDA# 10.561			<u>\$ 126,467</u>
Total Department of Agriculture			<u>\$ 779,790</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Edward Byrne memorial formula grant program	16.738	39001	<u>\$ 47,405</u>
Total Department of Justice			<u>\$ 47,405</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-59393/50184	<u>\$ 15,405</u>
Department of Defense:			
Direct Payments:			
JROTC	12.xxx	N/A	<u>\$ 22,276</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 750,290
ARRA -Title I Grants to Local Educational Agencies	84.389	17901-42913	67,379
Special education cluster:			
Special Education Grants to States	84.027	17901-43071	426,824
ARRA - Special Education Grants to States	84.391	17901-61245	67,072
Special Education Preschool Grants	84.173	17901-62521	3,069
ARRA - Special Education Preschool Grants	84.392	17901-61247	5,187
Career and Technical Education - Basic Grants to States	84.048	17901-61095	43,602
Safe and Drug-Free Schools and Communities - State grants	84.186	17901-60511	4,931
Twenty-First Century Community Learning Centers	84.287	17901-60565	348,284
Improving Teacher Quality - State Grants	84.367	17901-61480	136,247
Education technology cluster:			
Education Technology State Grants	84.318	17901-61600	4,224
ARRA - Education Technology State Grants	84.386	17901-60897	14,104
School Improvement Grants	84.377	17901-43040	12,585
Rural Education	84.358	17901-43481	15,875
ARRA - State fiscal stabilization funds, education grants	84.394	17901-61245	761,106
English Language Acquisition Grants	84.365	17901-60509	2,417
Total Department of Education			<u>\$ 2,663,196</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,011,114</u></u>

See accompanying notes to schedule of expenditures of federal awards.

## County of Lunenburg, Virginia

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

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#### Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Lunenburg, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Lunenburg, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Lunenburg, Virginia.

#### Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

#### Note C - Food Donation

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

#### Note D - 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	\$ 672,319
County Debt Service Fund	55,980
Total primary government	<u>\$ 728,299</u>

Component Unit Public Schools:

School Operating Fund	\$ 3,287,955
School Special Revenue Fund	50,840
Total component unit public schools	<u>\$ 3,338,795</u>

Total federal expenditures per basic financial  
statements

\$ 4,067,094

BAB's subsidy

\$ (55,980)

Total federal expenditures per the Schedule of Expenditures  
of Federal Awards

\$ 4,011,114

County of Lunenburg, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

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Section I-Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? ✓ yes        no

Significant deficiency(ies) identified?        yes ✓ none reported

Noncompliance material to financial statements noted?        yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        yes ✓ no

Significant deficiency(ies) identified?        yes ✓ none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.287	21st Century Learning Centers
84.010/84.389	Title I Part A Cluster
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)
84.394	State Fiscal Stabilization Funds, Education Grants, Recovery Act

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

Auditee qualified as low-risk auditee?        yes ✓ no



County of Lunenburg, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

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**Section II—Financial Statement Findings**

2011-01

Financial Reporting

<b>Condition:</b>	The County's year end general ledger reports do not reconcile to the audited financial statements.
<b>Criteria:</b>	Internal controls should be in place that provides assurance that audited financial statements reconcile to the County's internal documents.
<b>Effect:</b>	Audited financial statements, including related footnotes, may contain an undetected material misstatement.
<b>Cause:</b>	Procedures have not been fully implemented to provide the necessary internal controls over financial reporting.
<b>Recommendation:</b>	The County maintains its general ledger on a cash basis during the fiscal year. After the close of the fiscal year, the County generally converts its ledger to a reporting basis by recording current year accruals and reversing accruals from the previous year. Accruals for the fiscal year ended June 30, 2010 were reversed from the general ledger by County staff, but accruals for the year ended June 30, 2011 were not posted. Therefore, the County's year-end general ledger reports did not reconcile to the FY11 audited financial statements. The County is in the processing of addressing its general ledger inadequacies, including the purchase of integrated general software and hardware. In the interim, we recommend the County consider employing a governmental accounting consultant, that is independent of the County's Auditor, to assist with preparation of year end working trial balances.
<b>Management's Response:</b>	The County is considering corrective action for FY12.

**Section III—Federal Award Findings and Questioned Costs**

None

County of Lunenburg, Virginia  
Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2011

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There were no prior year Federal Award Findings and Questioned Costs. There were Financial Statement Findings in the prior year. A description of the prior year Financial Statement Findings is included in the Audited Annual Financial Report for the fiscal year ended June 30, 2010.