

COUNTY OF HALIFAX, VIRGINIA



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

COUNTY OF HALIFAX, VIRGINIA
JUNE 30, 2011

BOARD OF SUPERVISORS

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William Bryant Claiborne, Vice-Chairman

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Douglas V. Bowman
Lottie T. Nunn

E. Wayne Conner
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Susan McLamb

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Garnett Luck

OTHER OFFICIALS

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

Leslie M. Osborn
Joel C. Cunningham
Robert W. Conner
Robert G. Woodson
Michael M. Rand
Kimberly S. White
Brenda P. Powell
Linda S. Foster
Stanley Noblin
Paul Stapleton
Kathy Andrews
George W. Nester

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Halifax, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Halifax, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Cafeteria and School Textbook Funds of School Board Component Unit which represent 10 percent of the assets, 40 percent of the fund balance and 5 percent of revenues of the Component Unit School Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Cafeteria and School Textbook Funds, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 Halifax, 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 Halifax, 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 December 27, 2011, on our consideration of the County of Halifax, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 Halifax, Virginia's financial statements as a whole. The combining 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 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.

Robinson, Farmer Cox Associates
Charlottesville, Virginia
December 27, 2011

County of Halifax, Virginia
Management's Discussion and Analysis

As management of the County of Halifax (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by approximately \$20.5 million (*net assets*). Of this amount, approximately \$12.5 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by a net of \$863,984 in FY2010 and a decrease of \$3,508,496 in FY2011. Two fiscal years decrease in net assets totals \$4,372,480.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15.2 million, a decrease of \$734,447. Forty-three percent, or \$6.56 million of this amount, is *available for spending* at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, fund balance for the General Fund was approximately \$13.3 million, or 37% of governmental fund expenditures less any capital outlay projects funded with bond proceeds.
- The County's total governmental activities debt decreased by \$1,731,272 during the current fiscal year. The key factor in the decrease was the commencement of VPSA bond principal payments for school capital projects and other regular debt payments.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

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

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

Fund financial statements

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

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

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

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

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

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. Proprietary funds consist of the internal service fund. The internal service fund financial statements can be found on pages 17 through 19 of this report.

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

Overview of the Financial Statements (Continued)

Fund financial statements: (Continued)

Notes to the financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the General Fund and the Virginia Public Assistance Fund. Required supplementary information can be found on pages 56 through 59 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 61 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$20.5 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$7.9 million, 39% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

Comparative Summary of Net Assets As of June 30, 2011 and 2010

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 35,518,760	\$ 27,084,999
Capital assets	65,867,036	69,865,650
Total assets	<u>\$ 101,385,796</u>	<u>\$ 96,950,649</u>
Long-term liabilities outstanding	\$ 61,766,733	\$ 63,498,005
Other liabilities	19,043,575	9,368,660
Total liabilities	<u>\$ 80,810,308</u>	<u>\$ 72,866,665</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 7,985,592	\$ 8,605,166
Unrestricted	12,589,896	15,478,818
Total net assets	<u>\$ 20,575,488</u>	<u>\$ 24,083,984</u>

Government-Wide Financial Analysis: (Continued)

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

As noted previously, the County's total net assets decreased by \$3,508,496 during the current fiscal year.

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

**Comparative Statement of Changes in Net Assets
As of June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 690,073	\$ 695,753
Operating grants and contributions	9,353,614	9,934,844
Capital grants and contributions	440,717	347,708
General revenues:		
Property taxes	23,996,264	23,945,473
Other taxes	4,834,750	4,686,780
Unrestricted revenues	406,707	411,274
Miscellaneous	854,368	1,104,045
Grants and contributions not restricted to specific programs	2,577,185	2,658,996
Total revenues	\$ 43,153,678	\$ 43,784,873
Expenses:		
General governmental administration	\$ 2,418,864	\$ 3,090,119
Judicial administration	1,482,464	1,429,764
Public safety	7,564,127	7,325,326
Public works	5,195,264	3,812,180
Health and welfare	7,904,249	7,787,497
Parks, recreation, and cultural	632,558	552,569
Community development	1,680,884	2,002,198
Interest on long-term debt	2,471,149	2,585,383
Education	17,312,615	16,063,821
Total expenses	\$ 46,662,174	\$ 44,648,857
Increase in net assets before transfers and gains / (losses)	\$ (3,508,496)	\$ (863,984)
Transfers	-	-
Increase in net assets	\$ (3,508,496)	\$ (863,984)
Net assets - beginning of year	24,083,984	24,947,968
Net assets - end of year	\$ 20,575,488	\$ 24,083,984

Government-Wide Financial Analysis: (Continued)

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

- General property taxes, excluding the payments received from the State as reimbursement under the State's personal property tax relief program, were \$24 million, which represents an increase of \$50,791.
- Other local taxes increased \$147,970.
- Expenses of the governmental activities were approximately \$2,013,317 more than fiscal year 2010. The majority of the increase is due to the contribution to the school board, increase to the landfill postclosure estimate costs and other expenses.
- General property taxes, the County's largest revenue source were \$24 million or 65% of total governmental revenues.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15.2 million, a decrease of \$734,447 in comparison with the prior year.

The General Fund is the chief operating fund of the County. Excluding transfers to other funds, the general fund's revenues exceeded expenditures by \$211,487. At the end of the current fiscal year, total fund balance of the General Fund was \$13.3 million. The general fund reported \$6.56 million of the fund balance as unassigned. The remaining fund balance reported in the general fund is reported as assigned by the County in the amount of \$6.68 million and is designated for subsequent expenditure and nonspendable in the form of prepaid items in the amount of \$82,815. As a measure of the General Fund's liquidity, the fund balance represents 36% of total General Fund expenditures.

The County Capital Improvements Fund accounts for all major general public improvements, excluding capital projects related to business-type activities and education, which are accounted for elsewhere. At the end of the fiscal year, the fund balance was \$860,845 and was included in other governmental funds.

Nonmajor special revenue funds included the Airport Fund and the State and Federal Grants Fund. Both funds accounted for the total reported as committed funds in the amount of \$982,817.

General Fund Budgetary Highlights

There was an increase of \$1,895,591 between the original budget and the final amended budget expenditures including transfers out.

- Actual revenues were more than the budgeted amounts by \$870,075 and actual expenditures were less than budgeted amounts by \$494,283.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$65.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress. Major capital asset events during the current fiscal year included the following:

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

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

	<u>Governmental Activities</u>
Land	\$ 4,867,598
Buildings and improvements	59,797,887
Machinery & Equipment	902,659
Construction in progress	298,892
Total	<u>\$ 65,867,036</u>

Additional information on the County's capital assets can be found in note 7 on pages 35 through 36 of this report.

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$61.8 million. Details are summarized in the following table:

	<u>Governmental Activities</u>
Bonds Payable:	
General obligation bonds	\$ 50,429,942
Revenue bonds	1,529,961
Literary loans	6,066,821
Landfill Closure/Postclosure	1,518,719
Capital leases	582,252
Note payable	773,604
Other post-employment benefits obligation	80,500
Compensated absences	784,934
Total	<u>\$ 61,766,733</u>

Debt associated with governmental activities decreased \$1,731,272.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at October 31, 2011 was 11.4%. The State's average unemployment rate was 6.5% and the national average rate was 9.0%.
- One of the greatest economic impacts to the County currently is the uncertainty of how the State allocations to local governments will be adjusted due to State budgetary issues being addressed by the State.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, County of Halifax, 134 South Main Street, P.O. Box 699, Halifax, VA 24558

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2011

	Primary	Component Units		
	Government		Industrial	
	Governmental	School	Development	Regional
	Activities	Board	Authority	Library
ASSETS				
Cash and cash equivalents	\$ 8,712,372	\$ 7,154,155	\$ 1,448,649	\$ 85,528
Receivables (net of allowance for uncollectibles):				
Taxes receivable	18,672,851	-	-	-
Accounts receivable	336,121	-	-	-
Notes receivable	-	-	51,755	-
Due from component unit	4,858,061	-	-	-
Due from other governmental units	2,129,008	4,699,806	2,039,176	-
Inventories	-	12,090	-	-
Prepaid expenses	82,815	483,311	-	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	727,532	-	-	-
Capital assets (net of accumulated depreciation):				
Land	4,867,598	130,523	544,192	-
Buildings and system	59,797,887	16,414,143	27,526,902	-
Machinery and equipment	902,659	1,942,609	1,372,186	-
Construction in progress	298,892	-	5,062,980	-
Property held for resale	-	-	2,666,598	-
Total assets	\$ 101,385,796	\$ 30,836,637	\$ 40,712,438	\$ 85,528
LIABILITIES				
Accounts payable	\$ 895,052	\$ 535,142	\$ 1,288,590	\$ -
Accrued liabilities	-	4,477,517	-	-
Accrued interest payable	1,142,672	-	-	-
Due to primary government	-	4,608,661	249,400	-
Unearned revenue	17,005,851	-	-	-
Long-term liabilities:				
Due within one year	3,186,862	137,359	589,411	-
Due in more than one year	58,579,871	1,315,833	12,447,531	2,700
Total liabilities	\$ 80,810,308	\$ 11,074,512	\$ 14,574,932	\$ 2,700
NET ASSETS				
Invested in capital assets, net of related debt	\$ 7,985,592	\$ 18,487,275	\$ 21,506,436	\$ -
Unrestricted (deficit)	12,589,896	1,274,850	4,631,070	82,828
Total net assets	\$ 20,575,488	\$ 19,762,125	\$ 26,137,506	\$ 82,828

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

COUNTY OF HALIFAX, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,418,864	\$ 102,000	\$ 306,771	\$ 138,789
Judicial administration	1,482,464	124,350	752,228	-
Public safety	7,564,127	219,978	2,345,710	47,201
Public works	5,195,264	225,023	16,858	183,658
Health and welfare	7,904,249	-	5,713,393	-
Education	17,312,615	-	-	-
Parks, recreation, and cultural	632,558	4,930	-	-
Community development	1,680,884	13,792	218,654	71,069
Interest on long-term debt	2,471,149	-	-	-
Total governmental activities	<u>\$ 46,662,174</u>	<u>\$ 690,073</u>	<u>\$ 9,353,614</u>	<u>\$ 440,717</u>
Total primary government	<u>\$ 46,662,174</u>	<u>\$ 690,073</u>	<u>\$ 9,353,614</u>	<u>\$ 440,717</u>
COMPONENT UNITS:				
School Board	\$ 63,388,987	\$ 1,081,450	\$ 44,355,070	\$ -
Industrial Development Authority	3,120,096	1,476,204	-	7,263,826
Regional Library	404,654	32,119	169,101	-
Total component units	<u>\$ 66,913,737</u>	<u>\$ 2,589,773</u>	<u>\$ 44,524,171</u>	<u>\$ 7,263,826</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumer utility taxes				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Payments from Halifax County				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government Governmental Activities	Component Units			
	School Board	Industrial Development Authority	Regional Library	
\$ (1,871,304)	\$ -	\$ -	\$ -	
(605,886)	-	-	-	
(4,951,238)	-	-	-	
(4,769,725)	-	-	-	
(2,190,856)	-	-	-	
(17,312,615)	-	-	-	
(627,628)	-	-	-	
(1,377,369)	-	-	-	
(2,471,149)	-	-	-	
<u>\$ (36,177,770)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (36,177,770)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (17,952,467)	\$ -	\$ -	
-	-	5,619,934	-	
-	-	-	(203,434)	
<u>\$ -</u>	<u>\$ (17,952,467)</u>	<u>\$ 5,619,934</u>	<u>\$ (203,434)</u>	
\$ 23,996,264	\$ -	\$ -	\$ -	
2,609,094	-	-	-	
896,255	-	-	-	
675,826	-	-	-	
653,575	-	-	-	
406,707	1,034	35,393	-	
-	17,460,465	722,964	223,500	
854,368	1,472,801	90,824	40,242	
2,577,185	-	-	-	
<u>\$ 32,669,274</u>	<u>\$ 18,934,300</u>	<u>\$ 849,181</u>	<u>\$ 263,742</u>	
<u>\$ (3,508,496)</u>	<u>\$ 981,833</u>	<u>\$ 6,469,115</u>	<u>\$ 60,308</u>	
24,083,984	18,780,292	19,668,391	22,520	
<u>\$ 20,575,488</u>	<u>\$ 19,762,125</u>	<u>\$ 26,137,506</u>	<u>\$ 82,828</u>	

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2011

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 7,423,036	\$ -	\$ 133,313	\$ 1,019,432	\$ 8,575,781
Receivables (net of allowance for uncollectibles):					
Taxes receivable	18,672,851	-	-	-	18,672,851
Accounts receivable	336,121	-	-	-	336,121
Due from other funds	860,847	-	-	-	860,847
Due from component units	4,858,061	-	-	-	4,858,061
Due from other governmental units	1,084,503	860,847	183,658	-	2,129,008
Prepaid items	82,815	-	-	-	82,815
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	727,532	-	727,532
Total assets	<u>\$ 33,318,234</u>	<u>\$ 860,847</u>	<u>\$ 1,044,503</u>	<u>\$ 1,019,432</u>	<u>\$ 36,243,016</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 673,243	\$ -	\$ 183,658	\$ 36,615	\$ 893,516
Due to other funds	-	860,847	-	-	860,847
Deferred revenue	19,311,084	-	-	-	19,311,084
Total liabilities	<u>\$ 19,984,327</u>	<u>\$ 860,847</u>	<u>\$ 183,658</u>	<u>\$ 36,615</u>	<u>\$ 21,065,447</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 82,815	\$ -	\$ -	\$ -	\$ 82,815
Restricted for:					
Energy efficiency improvements	-	-	727,532	-	727,532
Committed for:					
Future projects/grant matching	-	-	-	462,109	462,109
Airport operations	-	-	-	520,708	520,708
Assigned to:					
Future capital projects	-	-	133,313	-	133,313
Long-term debt	6,264,976	-	-	-	6,264,976
E-911 operations	231,872	-	-	-	231,872
Courthouse maintenance	123,420	-	-	-	123,420
Asset forfeiture	64,402	-	-	-	64,402
Unassigned	6,566,422	-	-	-	6,566,422
Total fund balances	<u>\$ 13,333,907</u>	<u>\$ -</u>	<u>\$ 860,845</u>	<u>\$ 982,817</u>	<u>\$ 15,177,569</u>
Total liabilities and fund balances	<u>\$ 33,318,234</u>	<u>\$ 860,847</u>	<u>\$ 1,044,503</u>	<u>\$ 1,019,432</u>	<u>\$ 36,243,016</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 15,177,569

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

Capital assets, cost	\$ 84,112,396	
Less: accumulated depreciation	<u>(18,245,360)</u>	65,867,036

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

Deferred revenue		2,305,233
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Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

135,055

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

Bonds and notes payable	\$ (57,380,678)	
Capital leases	(582,252)	
Unamortized premium on bonds	(1,419,650)	
Interest payable	(1,142,672)	
Other post-employment benefits	(80,500)	
Compensated absences	(784,934)	
Landfill postclosure liability	<u>(1,518,719)</u>	<u>(62,909,405)</u>

Net assets of governmental activities		\$ <u>20,575,488</u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Virginia Public Assistance	County Capital Projects	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 24,004,456	\$ -	\$ -	\$ -	\$ 24,004,456
Other local taxes	4,834,750	-	-	-	4,834,750
Permits, privilege fees, and regulatory licenses	141,352	-	-	-	141,352
Fines and forfeitures	74,226	-	-	-	74,226
Revenue from the use of money and property	323,784	-	-	82,923	406,707
Charges for services	474,495	-	-	-	474,495
Miscellaneous	1,100,869	153,499	-	-	1,254,368
Recovered costs	261,080	-	-	-	261,080
Intergovernmental revenues:					
Commonwealth	5,373,635	3,260,167	-	571,960	9,205,762
Federal	245,431	2,453,226	183,658	283,439	3,165,754
Total revenues	<u>\$ 36,834,078</u>	<u>\$ 5,866,892</u>	<u>\$ 183,658</u>	<u>\$ 938,322</u>	<u>\$ 43,822,950</u>
EXPENDITURES					
Current:					
General government administration	\$ 2,186,834	\$ -	\$ -	\$ -	\$ 2,186,834
Judicial administration	1,391,247	-	-	80,374	1,471,621
Public safety	6,738,932	-	-	503,782	7,242,714
Public works	3,712,592	-	-	-	3,712,592
Health and welfare	338,439	7,537,384	-	-	7,875,823
Education	13,970,024	-	-	-	13,970,024
Parks, recreation, and cultural	596,021	-	-	2,500	598,521
Community development	1,452,994	-	-	325,603	1,778,597
Nondepartmental	351,167	-	-	-	351,167
Capital projects	-	-	470,244	-	470,244
Debt service:					
Principal retirement	3,245,703	-	-	12,574	3,258,277
Interest and other fiscal charges	2,638,638	-	-	2,950	2,641,588
Total expenditures	<u>\$ 36,622,591</u>	<u>\$ 7,537,384</u>	<u>\$ 470,244</u>	<u>\$ 927,783</u>	<u>\$ 45,558,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 211,487</u>	<u>\$ (1,670,492)</u>	<u>\$ (286,586)</u>	<u>\$ 10,539</u>	<u>\$ (1,735,052)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 1,670,492	\$ 248,619	\$ 4,844	\$ 1,923,955
Transfers out	(1,923,955)	-	-	-	(1,923,955)
Issuance of lease revenue bonds	-	-	670,000	-	670,000
Premium on issuance of bonds	-	-	95,605	-	95,605
Sale of capital assets	235,000	-	-	-	235,000
Total other financing sources (uses)	<u>\$ (1,688,955)</u>	<u>\$ 1,670,492</u>	<u>\$ 1,014,224</u>	<u>\$ 4,844</u>	<u>\$ 1,000,605</u>
Net change in fund balances	\$ (1,477,468)	\$ -	\$ 727,638	\$ 15,383	\$ (734,447)
Fund balances - beginning	14,811,375	-	133,207	967,434	15,912,016
Fund balances - ending	<u>\$ 13,333,907</u>	<u>\$ -</u>	<u>\$ 860,845</u>	<u>\$ 982,817</u>	<u>\$ 15,177,569</u>

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

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

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

Net change in fund balances - total governmental funds	\$	(734,447)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the details of this difference:

Capital asset additions	\$	657,909	
Net transfer of joint tenancy assets		(3,620,196)	
Depreciation expense		<u>(1,036,329)</u>	(3,998,616)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes recognized as revenue	\$	(8,192)	
Repayment of long-term note receivable		<u>(400,000)</u>	(408,192)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(149,697)
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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 are the details of these differences:

Issuance of long-term debt, net of premium and discounts	\$	(765,605)	
Principal payments and premium amortization		<u>3,450,602</u>	2,684,997

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in other post-employment benefits	\$	(29,491)	
(Increase) decrease in compensated absences		50,673	
(Increase) decrease in accrued interest		51,185	
(Increase) decrease in landfill postclosure liability		<u>(974,908)</u>	<u>(902,541)</u>

Change in net assets of governmental activities	\$	<u><u>(3,508,496)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets
 Internal Service Fund
 June 30, 2011

	Self- Insurance Fund
	<u> </u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>136,591</u>
Total assets	\$ <u><u>136,591</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ <u>1,536</u>
Total current liabilities	\$ <u>1,536</u>
Total liabilities	\$ <u><u>1,536</u></u>
NET ASSETS	
Unrestricted	\$ <u>135,055</u>
Total net assets	\$ <u><u>135,055</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Fund
 For the Year Ended June 30, 2011

	<u>Self- Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ <u>461</u>
Total operating revenues	\$ <u>461</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ <u>150,158</u>
Total operating expenses	\$ <u>150,158</u>
Operating income (loss)	\$ <u>(149,697)</u>
Change in net assets	\$ (149,697)
Total net assets - beginning	<u>284,752</u>
Total net assets - ending	<u>\$ <u>135,055</u></u>

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

Statement of Cash Flows
 Internal Service Fund
 For the Year Ended June 30, 2011

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 461
Payments for premiums	(148,622)
Net cash provided (used) by operating activities	<u>\$ (148,161)</u>
Net increase (decrease) in cash and cash equivalents	\$ (148,161)
Cash and cash equivalents - beginning	284,752
Cash and cash equivalents - ending	<u>\$ 136,591</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (149,697)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	\$ 1,536
Total adjustments	<u>\$ 1,536</u>
Net cash provided (used) by operating activities	<u>\$ (148,161)</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 93,618
Total assets	\$ <u>93,618</u>
LIABILITIES	
Accrued liabilities	\$ 14,943
Amounts held for social services clients	16,507
Amounts held for other organizations	62,168
Total liabilities	\$ <u>93,618</u>

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011

Note 1—Summary of Significant Accounting Policies:

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

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

A. Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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

A. Financial Statement Presentation: (Continued)

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

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

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

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

B. Financial Reporting Entity

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

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

C. Individual Component Unit Disclosures

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

Discretely Presented Component Units.

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

The Halifax County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority's board members are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2011. Complete financial statements for the Authority are available from the Authority in South Boston, Virginia.

The Halifax County - South Boston Regional Library provides public library services to residents of the County and Town. The County appoints four of the five members of the library board. The library is fiscally dependent upon the County for operating contributions.

D. Other Related Organizations

Included in the County's Financial Report

None

Jointly Governed Organizations

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

The County, in conjunction with other localities, has created the Southside Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$71,000 to the Southside Community Services Board.

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

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

D. Other Related Organizations: (Continued)

Jointly Governed Organizations: (Continued)

Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Charlotte are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$1,154,624 for solid waste transferred to the Authority, and \$191,934 for legal costs incurred by the Authority in fiscal year 2011.

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

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

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

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

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

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

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

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

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 expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

1. Governmental Funds

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

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

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

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

1. Governmental Funds: (Continued)

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

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

Capital Projects Funds - The Capital Projects Funds 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's Capital Projects Fund is reported as a major fund.

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

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

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

4. Component Unit

The Halifax County School Board has the following funds:

Governmental Fund:

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

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

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

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

4. Component Unit: (Continued)

Governmental Fund: (Continued)

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

Textbook Fund - This fund accounts for the operations of the textbook rental program. This fund is considered a non-major fund.

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

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

F. Cash and Cash Equivalents:

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

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

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

G. Investments

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

H. Receivables and Payables

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

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

H. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$599,127 at June 30, 2011 for property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

I. Capital Assets

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

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

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

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

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

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

J. Compensated Absences

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

K. Retirement Plan

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

L. Use of Estimates

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

M. Fund Equity

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

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

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

M. Fund Equity: (Continued)

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

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

N. Net Assets

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

O. Long-term Obligations

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

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

P. Bond Issuance Costs

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

Q. Inventory

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures exceeded appropriations in the following funds at June 30, 2011:

- County Capital Projects Fund
- William M. Tuck Airport Fund

Note 3—Deposits and Investments:

Deposits

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 3—Deposits and Investments: (Continued)

Investments

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

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

Credit Risk of Debt Securities

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

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
Local Government Investment Pool	\$ 1,029,771
State Non-Arbitrage Program	<u>727,532</u>
Total	<u>\$ 1,757,303</u>

External Investment Pools

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 4—Due from Other Governments:

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

	Primary Government	Component Units	
		School Board	Industrial Development Authority
Component Units:			
Halifax County School Board	\$ 4,608,661	\$ -	\$ -
Halifax County Industrial Development Authority	249,400	-	-
Total due from component units	<u>\$ 4,858,061</u>	<u>\$ -</u>	<u>\$ -</u>
Other Governments:			
Commonwealth of Virginia:			
Local sales tax	\$ 476,087	\$ -	\$ -
Communication tax	184,344	-	-
Shared revenues	19,645	-	-
Shared expenses	213,295	-	-
VPA funds	134,899	-	-
CSA funds	520,131	-	-
State Sales Tax	-	921,816	-
Other state grants	52,341	1,796	-
Federal Government:			
School fund grants	-	3,776,194	-
VPA funds	205,819	-	-
Other federal grants	322,447	-	-
Total due from other governments	<u>\$ 2,129,008</u>	<u>\$ 4,699,806</u>	<u>\$ -</u>
Amounts due to other governments are as follows:			
Other Local Governments:			
Halifax County	<u>\$ -</u>	<u>\$ 4,608,661</u>	<u>\$ 249,400</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2011, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 860,847	\$ -
Virginia Public Assistance	<u>-</u>	<u>860,847</u>
Total	<u>\$ 860,847</u>	<u>\$ 860,847</u>

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 Fund	\$ -	\$ 1,923,955
State and Federal Grants	4,844	-
County Capital Projects	248,619	-
Virginia Public Assistance	<u>1,670,492</u>	<u>-</u>
Total	<u>\$ 1,923,955</u>	<u>\$ 1,923,955</u>

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 7—Capital Assets:

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<u>Primary Government:</u>				
Capital assets not being depreciated:				
Land	\$ 4,836,667	\$ 30,931	\$ -	\$ 4,867,598
Construction in progress	<u>156,917</u>	<u>298,892</u>	<u>156,917</u>	<u>298,892</u>
Total capital assets not being depreciated	\$ <u>4,993,584</u>	\$ <u>329,823</u>	\$ <u>156,917</u>	\$ <u>5,166,490</u>
Capital assets being depreciated:				
Buildings and systems	\$ 74,285,354	\$ 210,045	\$ 3,009,276	\$ 71,486,123
Machinery and equipment	<u>7,605,412</u>	<u>274,958</u>	<u>420,587</u>	<u>7,459,783</u>
Total capital asset being depreciated	\$ <u>81,890,766</u>	\$ <u>485,003</u>	\$ <u>3,429,863</u>	\$ <u>78,945,906</u>
Less accumulated depreciation for:				
Buildings and systems	\$ 10,629,667	\$ 1,809,997	\$ 751,428	\$ 11,688,236
Machinery and equipment	<u>6,389,033</u>	<u>588,678</u>	<u>420,587</u>	<u>6,557,124</u>
Total accumulated depreciation	\$ <u>17,018,700</u>	\$ <u>2,398,675</u>	\$ <u>1,172,015</u>	\$ <u>18,245,360</u>
Net capital assets primary government	\$ <u><u>69,865,650</u></u>	\$ <u><u>(1,583,849)</u></u>	\$ <u><u>2,414,765</u></u>	\$ <u><u>65,867,036</u></u>
<u>Component Unit-School Board:</u>				
Capital assets not being depreciated:				
Land	\$ <u>130,523</u>	\$ -	\$ -	\$ <u>130,523</u>
Total capital assets not being depreciated	\$ <u>130,523</u>	\$ -	\$ -	\$ <u>130,523</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 8,476,923	\$ 128,623	\$ -	\$ 8,605,546
Buildings and systems	<u>28,122,675</u>	<u>2,559,277</u>	<u>-</u>	<u>30,681,952</u>
Total capital asset being depreciated	\$ <u>36,599,598</u>	\$ <u>2,687,900</u>	\$ -	\$ <u>39,287,498</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ 6,311,164	\$ 351,773	\$ -	\$ 6,662,937
Buildings and systems	<u>13,281,860</u>	<u>985,949</u>	<u>-</u>	<u>14,267,809</u>
Total accumulated depreciation	\$ <u>19,593,024</u>	\$ <u>1,337,722</u>	\$ -	\$ <u>20,930,746</u>
Net capital assets component unit school board	\$ <u><u>17,137,097</u></u>	\$ <u><u>1,350,178</u></u>	\$ <u><u>-</u></u>	\$ <u><u>18,487,275</u></u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 7—Capital Assets: (Continued)

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

Governmental activities:

General government	\$	111,094
Judicial administration		2,784
Public safety		359,606
Public works		521,916
Health and welfare		12,759
Parks, recreation and cultural		23,670
Community development		4,500
Subtotal depreciation expense - governmental activities	\$	<u>1,036,329</u>

Depreciation on joint tenancy assets - school board \$ 1,362,346

Total Governmental activities \$ 2,398,675

Component Unit School Board:

Depreciation expense	\$	1,036,294
Depreciation on joint tenancy assets		<u>301,428</u>

Total Component Unit School Board \$ 1,337,722

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the Code of Virginia, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Halifax, Virginia for the year ended June 30, 2011, is that school financed assets in the amount of \$54,493,896 are reported in the Primary Government for financial reporting purposes.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

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

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 835,607	\$ -	\$ 50,673	\$ 784,934	\$ 78,493
Other post-employment benefits obligation	51,009	47,891	18,400	80,500	-
Landfill postclosure costs	543,811	974,908	-	1,518,719	-
General obligation bonds	838,079	-	259,862	578,217	43,494
Revenue bonds	922,222	670,000	62,261	1,529,961	64,596
Capital leases	955,639	-	373,387	582,252	143,748
Note payable	807,094	-	33,490	773,604	34,372
Total incurred by County	<u>\$ 4,953,461</u>	<u>\$ 1,692,799</u>	<u>\$ 798,073</u>	<u>\$ 5,848,187</u>	<u>\$ 364,703</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 6,533,491	-	\$ 466,670	\$ 6,066,821	\$ 466,670
General obligation bonds payable	50,529,682	-	2,097,607	48,432,075	2,196,206
Total incurred by School Board	\$ 57,063,173	-	\$ 2,564,277	\$ 54,498,896	\$ 2,662,876
Premium on bond issuance	1,481,371	95,605	157,326	1,419,650	159,283
Total incurred by School Board- Financial Statement Presentation	<u>\$ 58,544,544</u>	<u>\$ 95,605</u>	<u>\$ 2,721,603</u>	<u>\$ 55,918,546</u>	<u>\$ 2,822,159</u>
Total Governmental Obligations	<u>\$ 63,498,005</u>	<u>\$ 1,788,404</u>	<u>\$ 3,519,676</u>	<u>\$ 61,766,733</u>	<u>\$ 3,186,862</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations							
	General Obligation Bonds		Revenue Bonds		Capital Leases		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 43,494	\$ 21,683	\$ 64,596	\$ 61,299	\$ 143,748	\$ 22,509	\$ 34,372	\$ 34,696
2013	45,125	20,052	97,018	61,295	125,118	16,180	36,135	33,286
2014	46,817	18,360	104,532	57,866	130,527	10,770	37,016	31,800
2015	48,573	16,604	107,139	53,840	136,171	5,127	38,778	30,222
2016	50,394	14,783	109,844	49,466	46,688	412	40,541	28,547
2017	52,284	12,893	112,651	44,966	-	-	42,304	26,776
2018	54,244	10,932	120,563	40,257	-	-	44,066	24,896
2019	56,279	8,898	123,584	35,311	-	-	45,829	22,896
2020	58,389	6,788	131,718	30,048	-	-	48,473	20,774
2021	60,579	4,598	134,970	24,490	-	-	50,236	18,428
2022	62,039	2,327	143,346	18,757	-	-	52,880	15,982
2023	-	-	50,000	12,769	-	-	55,523	13,515
2024	-	-	55,000	10,078	-	-	58,167	10,900
2025	-	-	55,000	7,259	-	-	60,811	8,042
2026	-	-	60,000	4,462	-	-	63,455	4,935
2027	-	-	60,000	1,537	-	-	65,018	1,676
Total	\$ 578,217	\$ 137,918	\$ 1,529,961	\$ 513,700	\$ 582,252	\$ 54,998	\$ 773,604	\$ 327,371

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30,	Incurred by School Board			
	Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2012	\$ 2,196,206	\$ 2,307,757	\$ 466,670	\$ 112,003
2013	2,285,255	2,194,580	466,670	102,670
2014	2,384,778	2,078,544	466,670	93,336
2015	2,469,799	1,955,490	466,670	84,003
2016	2,590,344	1,826,456	466,670	74,669
2017	2,711,442	1,691,260	466,670	65,336
2018	2,846,095	1,551,517	466,670	56,003
2019	2,979,485	1,406,661	466,670	56,003
2020	3,118,537	1,254,642	466,670	46,669
2021	3,267,990	1,095,335	466,670	37,336
2022	3,413,489	933,830	466,670	28,002
2023	3,564,581	769,619	466,670	18,669
2024	3,730,870	599,880	466,781	9,336
2025	3,892,866	423,655	-	-
2026	4,065,754	239,408	-	-
2027	2,914,584	72,948	-	-
Total	\$ 48,432,075	\$ 20,401,582	\$ 6,066,821	\$ 784,035

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>Revenue Bonds:</u>	
\$985,995 Lease Revenue Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the \$1,500,000 Office Facility Revenue Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of \$99,100	\$ 859,961
\$670,000 Lease Revenue Bonds, Series 2011 (Energy Efficiency Improvements) dated April 15, 2011 due in annual principal installments through October 2026 with interest payable semi-annually, interest at 2.125% - 5.125%.	<u>670,000</u>
Total Revenue Bonds - Incurred by Primary Government	<u>\$ 1,529,961</u>
<u>General Obligation Bonds - Incurred by Primary Government:</u>	
\$663,075 General Obligation Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the \$1,000,000 Office Facility General Obligation Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of \$66,067	\$ <u>578,217</u>
Total General Obligation Bonds - Incurred by Primary Government	<u>\$ 578,217</u>
<u>General Obligation Bonds - Incurred by School Board:</u>	
\$590,000 School Bonds, issued November 22, 1994 through the Virginia Public School Authority, due in annual installments each July 15, through 2014, interest payable semi-annually at rates ranging from 6.1% to 6.6%.	\$ 80,000
\$360,000 School Bonds, issued by the Town of South Boston, fall 1993, through the Virginia Public School Authority, due in annual installments each December 15th through 2011, interest payable semi-annually at an average interest rate of 4.7%.	5,000
\$16,615,000 School Bonds, issued November 10, 2005, through the Virginia Public School Authority, due in annual installments each July 15 through 2025, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	13,870,000
\$31,030,000 School Bonds, issued May 11, 2006, through Virginia Public School Authority, due in annual installments each July 15 through 2027, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	27,020,000

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Incurred by School Board: (Continued)</u>	
\$8,920,992 School Bonds, issued November 9, 2006, through the Virginia Public School Authority due in annual installments each July 15 through 2026, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	\$ 7,457,075
Premium on bonds issued	1,419,650
Total General Obligation Bonds - Incurred by School Board	<u>\$ 49,851,725</u>
<u>State Literary Fund Loans:</u>	
\$2,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	\$ 1,469,245
\$4,000,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	2,387,522
\$3,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	2,210,054
Total State Literary Fund Loans	<u>\$ 6,066,821</u>
<u>Capital Lease Obligations:</u>	
\$2,200,000 Equipment Lease Purchase Agreement dated November 21, 2001, secured by equipment due in monthly installments of \$22,400 through November 21, 2011, includes interest at 4.12%.	\$ 558,436
\$1,150,000 public facility lease financing dated November 1, 2005 with Branch Banking & Trust, due in monthly installments of \$11,775 through November 2015, includes interest at 4.24%.	23,816
Total Capital Lease Obligations	<u>\$ 582,252</u>
<u>Note Payable:</u>	
\$900,000 note payable to the Town of South Boston for the Prizery renovations. Interest payable annually at a rate of 1.94% through 2007. Principal balloons and payable on May 27, 2007.	\$ 773,604
Compensated absences payable	\$ 784,934
Other post-employment benefits obligation	\$ 80,500
Accrued landfill postclosure care costs	\$ 1,518,719
Total long-term indebtedness	<u>\$ 61,766,733</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Defeased Debt - Current Refundings

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

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

The following is a summary of long-term debt transactions of the Component Units for the year ended June 30, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
<u>Component Unit—School Board:</u>					
Compensated absences payable	\$ 1,350,984	\$ 22,608	\$ -	\$ 1,373,592	\$ 137,359
Other post-employment benefits obligation	<u>99,217</u>	<u>290,083</u>	<u>309,700</u>	<u>79,600</u>	<u>-</u>
Total obligations	<u>\$ 1,450,201</u>	<u>\$ 312,691</u>	<u>\$ 309,700</u>	<u>\$ 1,453,192</u>	<u>\$ 137,359</u>

Component Unit—Library:

Other post-employment benefits obligation	\$ <u>2,200</u>	\$ <u>3,100</u>	\$ <u>2,600</u>	\$ <u>2,700</u>	\$ <u>-</u>
Total obligations	<u>\$ 2,200</u>	<u>\$ 3,100</u>	<u>\$ 2,600</u>	<u>\$ 2,700</u>	<u>\$ -</u>

Details of Long-Term Indebtedness:

Other post-employment benefits obligation	<u>\$ 2,700</u>
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COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 9—Landfill Postclosure Costs:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a liability for a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. Closure of the County's landfill site is complete. The \$1,518,719 reported as landfill postclosure care liability at June 30, 2011, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The County intends to fund these costs from tipping fee revenues and from any fund accumulated for this purpose including available bond issue proceeds in the County Capital Projects Fund. The County demonstrates financial assurance for potential corrective action costs of \$1,000,000. The County also has demonstrated financial assurance requirements for closure and postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA-20-70 of the Virginia Administrative Code. In addition to the landfill owned and operated by the County, the County participates in the Southside Regional Public Service Authority (SRPSA). SRPSA is a regional authority created by three localities to accept waste. The County is required to demonstrate financial assurance through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA-20-70 of the Virginia Administrative Code for the County's allocable portion of the future liability. In addition to the landfill owned and operated by the County, the County participates in Southside Regional Public Service Authority (SRPSA). SRPSA is a regional authority created by three localities to accept waste. The County is required to demonstrate financial assurance through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA-20-70 of the Virginia Administrative Code for the County's allocable portion of the future liability.

Note 10—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$19,311,894 is comprised of the following:

Property taxes receivable - unearned (FY 2012 Levy)	\$ 15,843,498
Property taxes receivable - unavailable	2,305,233
Advance collection of 2011-2012 property taxes - unearned	<u>1,162,353</u>
Total deferred revenue - governmental funds (Exhibit 3)	<u><u>\$ 19,311,084</u></u>

Note 11—Commitments and Contingencies:

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 11—Commitments and Contingencies: (Continued)

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

Note 12—Litigation:

At June 30, 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 such entities.

Note 13—Risk Management:

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

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

Note 14—Defined Benefit Pension Plan:

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.

Note 14—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 14—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County’s contribution rate for the fiscal year ended 2011 was 8.49% of annual covered payroll. The School Board’s contribution rates for fiscal year 2011 were 3.93% for professional employees and 8.24% for non-professional employees. The County and School Board contribution rates do not include the employee’s share of 5.00%.

For the three years ended June 30, 2011, 2010 and 2009, total employer contributions made to the VRS statewide teacher pool for professional employees by the School Board were \$1,114,569, \$3,390,977 and \$2,631,273 and represented 3.93%, 8.81% (rate was 8.81% for July 2010 - March 2010 and 0% April 2010 - June 2010) and 8.81% of annual covered payroll, respectively, and 100% of the required contributions for 2011, 2010 and 2009.

C. Annual Pension Cost

For fiscal year 2011, the County and School Board’s (non-professional) annual pension cost, not including the employee share was \$571,064 (employee share paid by County was \$336,316) and \$223,423 (employee share paid by School Board was \$152,403) which were equal to the County and School Board’s required and actual contributions, respectively.

Three-Year Trend Information for County - Primary Government

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 548,870	100%	-
June 30, 2010	560,778	100%	-
June 30, 2011	571,064	100%	-

(1) Employer portion only

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 14—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

Three-Year Trend Information for School Board - Discretely Presented Component Unit					
Fiscal Year Ending		Annual Pension Cost (APC) (1)	Percentage of APC Contributed		Net Pension Obligation
June 30, 2009	\$	309,991	100%	\$	-
June 30, 2010		295,914	100%		-
June 30, 2011		223,423	100%		-

(1) Employer portion only

The FY 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 and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

County

As of June 30, 2010, the most recent actuarial valuation date, the plan was 84.67% funded. The actuarial accrued liability for benefits was \$31,046,254, and the actuarial value of assets was \$26,285,639, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,760,615. The covered payroll (annual payroll of active employees covered by the plan) was \$7,590,917, and ratio of the UAAL to the covered payroll was 62.71%.

School Board

As of June 30, 2010, the most recent actuarial valuation date, the plan was 81.70% funded. The actuarial accrued liability for benefits was \$12,967,869, and the actuarial value of assets was \$10,594,200, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,373,669. The covered payroll (annual payroll of active employees covered by the plan) was \$3,237,547, and ratio of the UAAL to the covered payroll was 73.32%.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 14—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

Note 16—Other Post-Employment Benefits Program:

Background

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 16—Other Post-Employment Benefits Program: (Continued)

Plan Description

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

A. Funding Policy:

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

B. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits for the County, School Board, and Library was \$47,891, \$290,083, \$2,800, respectively, for fiscal year 2011. The County and component units have paid \$18,400, \$309,700, and \$2,300, respectively towards this obligation during the fiscal year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

	<u>County</u>	<u>School Board</u>	<u>Regional Library</u>
Annual required contribution	\$ 52,600	\$ 297,000	\$ 3,000
Interest on net OPEB obligation	2,000	3,900	100
Adjustment to annual required contribution	(6,709)	(10,817)	(300)
Annual OPEB cost (expense)	\$ 47,891	\$ 290,083	\$ 2,800
Estimated contributions made	(18,400)	(309,700)	(2,300)
Increase in net OPEB obligation	\$ 29,491	\$ (19,617)	\$ 500
Net OPEB obligation, beginning of year	51,009	99,217	2,200
Net OPEB obligation, end of year	\$ 80,500	\$ 79,600	\$ 2,700

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 16—Other Post-Employment Benefits Program: (Continued)

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

For 2011, the County's, School Board's, and Library's expected cash payments of \$18,400, \$309,700, and \$2,300, respectively were \$29,491, (\$19,617), and \$500 less (more) than the OPEB cost, respectively. The County's and component unit's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010 and 2009 are as follows:

County:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 42,300	40%	\$ 25,500
June 30, 2010	42,309	40%	51,009
June 30, 2011	47,891	38%	80,500

School Board:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 223,100	78%	\$ 49,600
June 30, 2010	223,117	56%	99,217
June 30, 2011	290,083	107%	79,600

Regional Library:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 1,200	8%	\$ 1,100
June 30, 2010	1,200	8%	2,200
June 30, 2011	2,800	82%	2,700

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 16—Other Post-Employment Benefits Program: (Continued)

C. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 (based on July 1, 2010 valuation) is as follows:

	<u>County</u>	<u>School Board</u>	<u>Regional Library</u>
Actuarial accrued liability (AAL)	\$ 395,000	\$ 3,704,300	\$ 40,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	395,000	3,704,300	40,000
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. In the July 1, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

D. Actuarial Methods and Assumptions

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

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010 was 30 years.

Note 16—Other Post-Employment Benefits Program: (Continued)

D. Actuarial Methods and Assumptions: (Continued)

Cost Method

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

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

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

Assumptions

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

Health Insurance Credit Program

A. Plan Description

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 16—Other Post-Employment Benefits Program: (Continued)

Health Insurance Credit Program: (Continued)

A. Plan Description: (Continued)

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

B. Funding Policy

As a participating local political subdivision, the County and School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County and School Board's contribution rate for the fiscal year ended June 30, 2011 was .14% and .72%, respectively, of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation:

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

For 2011, the County and School Board's contribution of \$9,417 and \$21,336, respectively, was equal to the ARC and OPEB cost. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

	<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
County:	6/30/2011	9,417	100%	-
School Board:	6/30/2011	21,336	100%	-

Note 16—Other Post-Employment Benefits Program: (Continued)

Health Insurance Credit Program: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 180,215	\$ 357,729
Actuarial value of plan assets	86,416	101,068
Unfunded actuarial accrued liability (UAAL)	93,799	256,661
Funded Ratio (actuarial value of plan assets / AAL)	47.95%	28.25%
Covered payroll (active plan members)	7,590,917	3,237,547
UAAL as a percentage of covered payroll	1.24%	7.93%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2010 was 26 years.

Note 16—Other Post-Employment Benefits Program: (Continued)

Health Insurance Credit Program: (Continued)

F. Professional Employees - Discretely Presented Component Unit School Board

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2011 was \$170,163 and equaled the required contributions for each year.

Note 17—Note Receivable:

During fiscal year 2010 the County approved and executed a loan to the Halifax County IDA in the amount of \$400,000. The actual amount loaned to the Halifax IDA was \$398,755. The note was paid in full during fiscal year 2011.

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Required Supplementary Information

Note to Required Supplementary Information:

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

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General Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 23,680,000	\$ 23,680,000	\$ 24,004,456	\$ 324,456
Other local taxes	4,650,800	4,785,800	4,834,750	48,950
Permits, privilege fees, and regulatory licenses	133,000	133,000	141,352	8,352
Fines and forfeitures	60,000	60,000	74,226	14,226
Revenue from the use of money and property	447,661	447,661	323,784	(123,877)
Charges for services	373,017	440,017	474,495	34,478
Miscellaneous	404,500	704,738	1,100,869	396,131
Recovered costs	209,074	209,074	261,080	52,006
Intergovernmental revenues:				
Commonwealth	5,675,684	5,483,713	5,373,635	(110,078)
Federal	15,000	20,000	245,431	225,431
Total revenues	\$ 35,648,736	\$ 35,964,003	\$ 36,834,078	\$ 870,075
EXPENDITURES				
Current:				
General government administration	\$ 2,215,343	\$ 2,306,682	\$ 2,186,834	\$ 119,848
Judicial administration	1,314,829	1,507,901	1,391,247	116,654
Public safety	6,735,403	6,984,350	6,738,932	245,418
Public works	3,201,310	3,593,500	3,712,592	(119,092)
Health and welfare	338,439	338,439	338,439	-
Education	13,319,150	14,225,304	13,970,024	255,280
Parks, recreation, and cultural	544,077	604,536	596,021	8,515
Community development	1,468,750	1,471,980	1,452,994	18,986
Nondepartmental	147,265	147,265	351,167	(203,902)
Debt service:				
Principal retirement	3,245,703	3,245,703	3,245,703	-
Interest and other fiscal charges	2,601,620	2,601,620	2,638,638	(37,018)
Total expenditures	\$ 35,131,889	\$ 37,027,280	\$ 36,622,591	\$ 404,689
Excess (deficiency) of revenues over (under) expenditures	\$ 516,847	\$ (1,063,277)	\$ 211,487	\$ 1,274,764
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,633,445)	\$ (1,813,134)	\$ (1,923,955)	\$ (110,821)
Sale of capital asset	-	235,000	235,000	-
Total other financing sources and uses	\$ (1,633,445)	\$ (1,578,134)	\$ (1,688,955)	\$ (110,821)
Net change in fund balances	\$ (1,116,598)	\$ (2,641,411)	\$ (1,477,468)	\$ 1,163,943
Fund balances - beginning	1,116,598	2,641,411	14,811,375	12,169,964
Fund balances - ending	\$ -	\$ -	\$ 13,333,907	\$ 13,333,907

Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 153,499	\$ 153,499
Intergovernmental revenues:				
Commonwealth	3,782,662	3,782,662	3,260,167	(522,495)
Federal	2,398,634	2,398,634	2,453,226	54,592
Total revenues	<u>\$ 6,181,296</u>	<u>\$ 6,181,296</u>	<u>\$ 5,866,892</u>	<u>\$ (314,404)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 7,780,147	\$ 7,818,623	\$ 7,537,384	\$ 281,239
Total expenditures	<u>\$ 7,780,147</u>	<u>\$ 7,818,623</u>	<u>\$ 7,537,384</u>	<u>\$ 281,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,598,851)</u>	<u>\$ (1,637,327)</u>	<u>\$ (1,670,492)</u>	<u>\$ (33,165)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,598,851	\$ 1,637,327	\$ 1,670,492	\$ 33,165
Total other financing sources and uses	<u>\$ 1,598,851</u>	<u>\$ 1,637,327</u>	<u>\$ 1,670,492</u>	<u>\$ 33,165</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 26,285,639	\$ 31,046,254	\$ 4,760,615	84.67%	\$ 7,590,917	62.71%
6/30/2009	26,131,692	28,728,207	2,596,515	90.96%	7,763,371	33.45%
6/30/2008	25,471,675	26,588,906	1,117,231	95.80%	7,111,534	15.71%

School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 10,594,200	\$ 12,967,869	\$ 2,373,669	81.70%	\$ 3,237,547	73.32%
6/30/2009	\$ 10,587,430	\$ 11,871,844	\$ 1,284,414	89.18%	\$ 3,309,277	38.81%
6/30/2008	10,214,217	11,264,994	1,050,777	90.67%	3,216,075	32.67%

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

County:

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

School Board:

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

Regional Library:

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

County - Health Insurance Credit Program:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 90,999	\$ 208,583	\$ 117,584	43.63%	\$ 7,111,534	1.65%
6/30/2009	73,548	178,680	105,132	41.16%	7,763,371	1.35%
6/30/2010	86,416	180,215	93,799	47.95%	7,590,917	1.24%

School Board - Health Insurance Credit Program:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 70,829	\$ 373,218	\$ 302,389	18.98%	\$ 3,216,075	9.40%
6/30/2009	75,534	325,108	249,574	23.23%	3,309,277	7.54%
6/30/2010	101,068	357,729	256,661	28.25%	3,237,547	7.93%

Other Supplementary Information

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

	County Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal	\$ -	\$ -	\$ 183,658	\$ 183,658
Total revenues	\$ -	\$ -	\$ 183,658	\$ 183,658
EXPENDITURES				
Capital projects	\$ -	\$ 149,573	\$ 470,244	\$ (320,671)
Total expenditures	\$ -	\$ 149,573	\$ 470,244	\$ (320,671)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (149,573)	\$ (286,586)	\$ (137,013)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 149,573	\$ 248,619	\$ 99,046
Issuance of lease revenue bonds	-	-	670,000	670,000
Premium on issuance of bonds	-	-	95,605	95,605
Total other financing sources and uses	\$ -	\$ 149,573	\$ 1,014,224	\$ 864,651
Net change in fund balances	\$ -	\$ -	\$ 727,638	\$ 727,638
Fund balances - beginning	-	-	133,207	133,207
Fund balances - ending	\$ -	\$ -	\$ 860,845	\$ 860,845

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 1,019,432	\$ 1,019,432
Total assets	<u>\$ 1,019,432</u>	<u>\$ 1,019,432</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 36,615	\$ 36,615
Total liabilities	<u>\$ 36,615</u>	<u>\$ 36,615</u>
Fund balances:		
Committed for:		
Future projects/grant matching	\$ 462,109	\$ 462,109
Airport operations	520,708	520,708
Total fund balances	<u>\$ 982,817</u>	<u>\$ 982,817</u>
Total liabilities and fund balances	<u>\$ 1,019,432</u>	<u>\$ 1,019,432</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES		
Revenue from the use of money and property	\$ 82,923	\$ 82,923
Intergovernmental revenues:		
Commonwealth	571,960	571,960
Federal	283,439	283,439
Total revenues	<u>\$ 938,322</u>	<u>\$ 938,322</u>
EXPENDITURES		
Current:		
Judicial administration	\$ 80,374	\$ 80,374
Public safety	503,782	503,782
Parks, recreation, and cultural	2,500	2,500
Community development	325,603	325,603
Debt service:		
Principal retirement	12,574	12,574
Interest and other fiscal charges	2,950	2,950
Total expenditures	<u>\$ 927,783</u>	<u>\$ 927,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,539</u>	<u>\$ 10,539</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	\$ 4,844	\$ 4,844
Total other financing sources and uses	<u>\$ 4,844</u>	<u>\$ 100,449</u>
Net change in fund balances	\$ 15,383	\$ 110,988
Fund balances - beginning	967,434	967,434
Fund balances - ending	<u><u>\$ 982,817</u></u>	<u><u>\$ 1,078,422</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2011

	<u>State and Federal Grants Fund</u>	<u>William M. Tuck Airport Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 475,358	\$ 544,074	\$ 1,019,432
Total assets	<u>\$ 475,358</u>	<u>\$ 544,074</u>	<u>\$ 1,019,432</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,249	\$ 23,366	\$ 36,615
Total liabilities	<u>\$ 13,249</u>	<u>\$ 23,366</u>	<u>\$ 36,615</u>
Fund balances:			
Comitted:			
Future projects/grant matching	\$ 462,109	\$ -	\$ 462,109
Airport operations	-	520,708	520,708
Total fund balances	<u>\$ 462,109</u>	<u>\$ 520,708</u>	<u>\$ 982,817</u>
Total liabilities and fund balances	<u>\$ 475,358</u>	<u>\$ 544,074</u>	<u>\$ 1,019,432</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2011

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
REVENUES			
Revenue from the use of money and property	\$ -	\$ 82,923	\$ 82,923
Intergovernmental revenues:			
Commonwealth	565,676	6,284	571,960
Federal	218,654	64,785	283,439
Total revenues	<u>\$ 784,330</u>	<u>\$ 153,992</u>	<u>\$ 938,322</u>
EXPENDITURES			
Current:			
Judicial administration	\$ 80,374	\$ -	\$ 80,374
Public safety	503,782	-	503,782
Parks, recreation, and cultural	2,500	-	2,500
Community development	112,431	213,172	325,603
Debt service:			
Principal retirement	-	12,574	12,574
Interest and other fiscal charges	-	2,950	2,950
Total expenditures	<u>\$ 699,087</u>	<u>\$ 228,696</u>	<u>\$ 927,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 85,243</u>	<u>\$ (74,704)</u>	<u>\$ 10,539</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 4,844	\$ -	\$ 4,844
Total other financing sources and uses	<u>\$ 4,844</u>	<u>\$ -</u>	<u>\$ 4,844</u>
Net change in fund balances	\$ 90,087	\$ (74,704)	\$ 15,383
Fund balances - beginning	372,022	595,412	967,434
Fund balances - ending	<u>\$ 462,109</u>	<u>\$ 520,708</u>	<u>\$ 982,817</u>

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2011

	State and Federal Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues:				
Commonwealth	563,136	622,033	565,676	(56,357)
Federal	-	415,000	218,654	(196,346)
Total revenues	<u>\$ 563,136</u>	<u>\$ 1,037,033</u>	<u>\$ 784,330</u>	<u>\$ (252,703)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 54,682	\$ 55,220	\$ 80,374	\$ (25,154)
Public safety	490,954	490,953	503,782	(12,829)
Parks, recreation, and cultural	5,000	5,000	2,500	2,500
Community development	41,870	506,870	112,431	394,439
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 592,506</u>	<u>\$ 1,058,043</u>	<u>\$ 699,087</u>	<u>\$ 358,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,370)</u>	<u>\$ (21,010)</u>	<u>\$ 85,243</u>	<u>\$ 106,253</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 29,370	\$ 21,010	\$ 4,844	\$ (16,166)
Total other financing sources and uses	<u>\$ 29,370</u>	<u>\$ 21,010</u>	<u>\$ 4,844</u>	<u>\$ (16,166)</u>
Net change in fund balances	\$ -	\$ -	\$ 90,087	\$ 90,087
Fund balances - beginning	-	-	372,022	372,022
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,109</u>	<u>\$ 462,109</u>

William M. Tuck Airport Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 60,000	\$ 80,000	\$ 82,923	\$ 2,923
-	-	6,284	6,284
-	-	64,785	64,785
<u>\$ 60,000</u>	<u>\$ 80,000</u>	<u>\$ 153,992</u>	<u>\$ 73,992</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
49,700	69,700	213,172	(143,472)
12,574	12,574	12,574	-
2,950	2,950	2,950	-
<u>\$ 65,224</u>	<u>\$ 85,224</u>	<u>\$ 228,696</u>	<u>\$ (143,472)</u>
<u>\$ (5,224)</u>	<u>\$ (5,224)</u>	<u>\$ (74,704)</u>	<u>\$ (69,480)</u>
\$ 5,224	\$ 5,224	\$ -	\$ (5,224)
<u>\$ 5,224</u>	<u>\$ 5,224</u>	<u>\$ -</u>	<u>\$ (5,224)</u>
\$ -	\$ -	\$ (74,704)	\$ (74,704)
-	-	595,412	595,412
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,708</u>	<u>\$ 520,708</u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Halifax County War Memorial</u>	<u>Heritage Festival</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 16,507	\$ 14,943	\$ 62,168	\$ 93,618
LIABILITIES				
Accrued liabilities	\$ -	\$ 14,943	\$ -	\$ 14,943
Amounts held for social services clients	16,507	-	-	16,507
Amounts held for other organizations	-	-	62,168	62,168
Total liabilities	\$ 16,507	\$ 14,943	\$ 62,168	\$ 93,618

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 15,520	\$ 94,898	\$ 93,911	\$ 16,507
Liabilities:				
Amounts held for social service clients	\$ 15,520	\$ 94,898	\$ 93,911	\$ 16,507
Heritage Festival Fund:				
Assets:				
Cash and cash equivalents	\$ 56,358	\$ 33,211	\$ 27,401	\$ 62,168
Liabilities:				
Amounts held for other organizations	\$ 56,358	\$ 33,211	\$ 27,401	\$ 62,168
Halifax County War Memorial:				
Assets:				
Cash and cash equivalents	\$ 14,943	\$ -	\$ -	\$ 14,943
Liabilities:				
Accrued liabilities	\$ 14,943	\$ -	\$ -	\$ 14,943
Southside Community Services Board Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 3,200,320	\$ 3,200,320	\$ -
Liabilities:				
Amounts held for other organizations	\$ -	\$ 3,200,320	\$ 3,200,320	\$ -
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 86,821	\$ 3,328,429	\$ 3,321,632	\$ 93,618
Liabilities:				
Amounts held for social service clients	\$ 15,520	\$ 94,898	\$ 93,911	\$ 16,507
Accrued liabilities	14,943	-	-	14,943
Amounts held for other organizations	56,358	3,233,531	3,227,721	62,168
Total liabilities	\$ 86,821	\$ 3,328,429	\$ 3,321,632	\$ 93,618

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

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2011

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,146,176	\$ 1,719,660	\$ 1,288,319	\$ 7,154,155
Due from other governmental units	4,697,701	-	2,105	4,699,806
Inventories	-	-	12,090	12,090
Prepaid items	483,311	-	-	483,311
Total assets	<u>\$ 9,327,188</u>	<u>\$ 1,719,660</u>	<u>\$ 1,302,514</u>	<u>\$ 12,349,362</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 382,037	\$ -	\$ 153,105	\$ 535,142
Accrued liabilities	4,336,490	-	141,027	4,477,517
Due to primary government	4,608,661	-	-	4,608,661
Total liabilities	<u>\$ 9,327,188</u>	<u>\$ -</u>	<u>\$ 294,132</u>	<u>\$ 9,621,320</u>
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 12,090	\$ 12,090
Prepaid items	483,311	-	-	483,311
Committed for:				
Education - major capital projects	-	1,719,660	-	1,719,660
Education - food service	-	-	270,659	270,659
Education - textbooks	-	-	725,633	725,633
Unassigned	(483,311)	-	-	(483,311)
Total fund balances	<u>\$ -</u>	<u>\$ 1,719,660</u>	<u>\$ 1,008,382</u>	<u>\$ 2,728,042</u>
Total liabilities and fund balances	<u>\$ 9,327,188</u>	<u>\$ 1,719,660</u>	<u>\$ 1,302,514</u>	<u>\$ 12,349,362</u>

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

Total fund balances per above \$ 2,728,042

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

Capital assets	\$ 39,418,025	
Less: accumulated depreciation	<u>(20,930,750)</u>	18,487,275

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

Other post-employment benefits	(79,600)	
Compensated absences	<u>(1,373,592)</u>	<u>(1,453,192)</u>

Net assets of governmental activities \$ 19,762,125

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

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,034	\$ 1,034
Charges for services	-	-	1,081,450	1,081,450
Miscellaneous	1,463,666	9,135	-	1,472,801
Intergovernmental revenues:				
Local government	13,882,874	-	-	13,882,874
Commonwealth	33,754,133	-	37,400	33,791,533
Federal	8,434,752	-	2,128,785	10,563,537
Total revenues	<u>\$ 57,535,425</u>	<u>\$ 9,135</u>	<u>\$ 3,248,669</u>	<u>\$ 60,793,229</u>
EXPENDITURES				
Current:				
Education	\$ 57,492,820	\$ -	\$ 3,623,158	\$ 61,115,978
Debt service:				
Principal retirement	35,000	-	-	35,000
Interest and other fiscal charges	7,605	-	-	7,605
Total expenditures	<u>\$ 57,535,425</u>	<u>\$ -</u>	<u>\$ 3,623,158</u>	<u>\$ 61,158,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 9,135</u>	<u>\$ (374,489)</u>	<u>\$ (365,354)</u>
Net change in fund balances	\$ -	\$ 9,135	\$ (374,489)	\$ (365,354)
Fund balances - beginning	-	1,710,525	1,382,871	3,093,396
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,719,660</u>	<u>\$ 1,008,382</u>	<u>\$ 2,728,042</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	\$ (365,354)
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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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 128,622	
Net transfer of joint tenancy assets	2,559,277	
Depreciation expense	<u>(1,337,721)</u>	1,350,178

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. (2,991)

Change in net assets of governmental activities	<u>\$ 981,833</u>
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COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 1,579,157	\$ 1,405,000	\$ 1,463,666	\$ 58,666
Intergovernmental revenues:				
Local government	13,256,000	14,138,154	13,882,874	(255,280)
Commonwealth	36,961,629	34,757,868	33,754,133	(1,003,735)
Federal	4,939,124	6,996,293	8,434,752	1,438,459
Total revenues	<u>\$ 56,735,910</u>	<u>\$ 57,297,315</u>	<u>\$ 57,535,425</u>	<u>\$ 238,110</u>
EXPENDITURES				
Current:				
Education	\$ 56,683,518	\$ 57,244,923	\$ 57,492,820	\$ (247,897)
Debt service:				
Principal retirement	40,000	40,000	35,000	5,000
Interest and other fiscal charges	12,392	12,392	7,605	4,787
Total expenditures	<u>\$ 56,735,910</u>	<u>\$ 57,297,315</u>	<u>\$ 57,535,425</u>	<u>\$ (238,110)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 9,135	\$ 9,135
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,135</u>	<u>\$ 9,135</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,135</u>	<u>\$ 9,135</u>
\$ -	\$ -	\$ 9,135	\$ 9,135
-	-	1,710,525	1,710,525
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,719,660</u>	<u>\$ 1,719,660</u>

Combining Balance Sheet

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

June 30, 2011

	School Cafeteria Fund	School Textbook Fund	Total
ASSETS			
Cash and cash equivalents	\$ 409,581	\$ 878,738	\$ 1,288,319
Due from other governmental units	2,105	-	2,105
Inventories	-	12,090	12,090
Total assets	<u>\$ 411,686</u>	<u>\$ 890,828</u>	<u>\$ 1,302,514</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 153,105	\$ 153,105
Accrued liabilities	141,027	-	141,027
Total liabilities	<u>\$ 141,027</u>	<u>\$ 153,105</u>	<u>\$ 294,132</u>
Fund balances:			
Nonspendable:			
Inventories	\$ -	\$ 12,090	\$ 12,090
Committed for:			
Education - food service	270,659	-	270,659
Education - textbooks	-	725,633	725,633
Total fund balances	<u>\$ 270,659</u>	<u>\$ 737,723</u>	<u>\$ 1,008,382</u>
Total liabilities and fund balances	<u>\$ 411,686</u>	<u>\$ 890,828</u>	<u>\$ 1,302,514</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Cafeteria Fund	School Textbook Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 70	\$ 964	\$ 1,034
Charges for services	1,013,756	67,694	1,081,450
Intergovernmental revenues:			
Commonwealth	37,400	-	37,400
Federal	2,128,785	-	2,128,785
Total revenues	<u>\$ 3,180,011</u>	<u>\$ 68,658</u>	<u>\$ 3,248,669</u>
EXPENDITURES			
Current:			
Education	\$ 3,202,789	\$ 420,369	\$ 3,623,158
Total expenditures	<u>\$ 3,202,789</u>	<u>\$ 420,369</u>	<u>\$ 3,623,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (22,778)</u>	<u>\$ (351,711)</u>	<u>\$ (374,489)</u>
Net change in fund balances	\$ (22,778)	\$ (351,711)	\$ (374,489)
Fund balances - beginning	293,437	1,089,434	1,382,871
Fund balances - ending	<u>\$ 270,659</u>	<u>\$ 737,723</u>	<u>\$ 1,008,382</u>

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 70	\$ 70
Charges for services	1,000,000	1,000,000	1,013,756	13,756
Intergovernmental revenues:				
Commonwealth	-	-	37,400	37,400
Federal	1,850,000	1,850,000	2,128,785	278,785
Total revenues	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 3,180,011</u>	<u>\$ 330,011</u>
EXPENDITURES				
Current:				
Education	\$ 2,850,000	\$ 2,948,712	\$ 3,202,789	\$ (254,077)
Total expenditures	<u>\$ 2,850,000</u>	<u>\$ 2,948,712</u>	<u>\$ 3,202,789</u>	<u>\$ (254,077)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (98,712)	\$ (22,778)	\$ 75,934
Net change in fund balances	\$ -	\$ (98,712)	\$ (22,778)	\$ 75,934
Fund balances - beginning	-	-	293,437	293,437
Fund balances - ending	<u>\$ -</u>	<u>\$ (98,712)</u>	<u>\$ 270,659</u>	<u>\$ 369,371</u>

Exhibit 28

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 964	\$ 964
-	-	67,694	67,694
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,658</u>	<u>\$ 68,658</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,369</u>	<u>\$ (420,369)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,369</u>	<u>\$ (420,369)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (351,711)</u>	<u>\$ (351,711)</u>
\$ -	\$ -	\$ (351,711)	\$ (351,711)
		1,089,434	1,089,434
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,723</u>	<u>\$ 737,723</u>

Balance Sheet
 Discretely Presented Component Unit - Regional Library
 June 30, 2011

	<u>Regional Library</u>
ASSETS	
Cash and cash equivalents	\$ 85,528
Total assets	<u>\$ 85,528</u>
LIABILITIES AND FUND BALANCES	
Fund balance:	
Assigned	
Library operations	\$ 85,528
Total fund balance	<u>\$ 85,528</u>
Total liabilities and fund balances	<u>\$ 85,528</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 85,528
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,700)</u>
Net assets of governmental activities	<u>\$ 82,828</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Discretely Presented Component Unit - Regional Library
 For the Year Ended June 30, 2011

	<u>Regional Library</u>
REVENUES	
Charges for services	\$ 32,119
Miscellaneous	40,242
Intergovernmental revenues:	
Local government	285,500
Commonwealth	107,101
Total revenues	<u>\$ 464,962</u>
EXPENDITURES	
Current:	
Parks, recreation, and cultural	\$ 404,154
Total expenditures	<u>\$ 404,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 60,808</u>
Net change in fund balances	\$ 60,808
Fund balances - beginning	24,720
Fund balances - ending	<u>\$ 85,528</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	\$ 60,808
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(500)</u>
Change in net assets of governmental activities	<u>\$ 60,308</u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,700,000	\$ 10,700,000	\$ 11,397,991	\$ 697,991
Real and personal public service corporation taxes	4,700,000	4,700,000	5,161,380	461,380
Personal property taxes	6,400,000	6,400,000	5,577,448	(822,552)
Mobile home taxes	80,000	80,000	55,332	(24,668)
Machinery and tools taxes	1,300,000	1,300,000	1,266,518	(33,482)
Penalties and administrative fees	325,000	325,000	342,841	17,841
Interest	175,000	175,000	202,946	27,946
Total general property taxes	<u>\$ 23,680,000</u>	<u>\$ 23,680,000</u>	<u>\$ 24,004,456</u>	<u>\$ 324,456</u>
Other local taxes:				
Local sales and use taxes	\$ 2,581,000	\$ 2,581,000	\$ 2,609,094	\$ 28,094
Consumers' utility taxes	885,000	885,000	896,255	11,255
E-911 surcharge	-	-	6,690	6,690
Utility consumption tax	158,000	158,000	107,661	(50,339)
Business license taxes	200,000	200,000	175,357	(24,643)
Utility license taxes	-	-	51,239	51,239
Motor vehicle licenses	515,000	650,000	675,826	25,826
Taxes on recordation and wills	172,800	172,800	154,639	(18,161)
Hotel and motel room taxes	139,000	139,000	157,989	18,989
Total other local taxes	<u>\$ 4,650,800</u>	<u>\$ 4,785,800</u>	<u>\$ 4,834,750</u>	<u>\$ 48,950</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 40,000	\$ 40,000	\$ 39,742	\$ (258)
Transfer fees	1,000	1,000	1,021	21
Permits and other licenses	92,000	92,000	100,589	8,589
Total permits, privilege fees, and regulatory licenses	<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ 141,352</u>	<u>\$ 8,352</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 74,226	\$ 14,226
Revenue from use of money and property:				
Revenue from use of money	\$ 150,000	\$ 150,000	\$ 12,203	\$ (137,797)
Revenue from use of property	297,661	297,661	311,581	13,920
Total revenue from use of money and property	<u>\$ 447,661</u>	<u>\$ 447,661</u>	<u>\$ 323,784</u>	<u>\$ (123,877)</u>
Charges for services:				
Charges for law library	\$ 8,500	\$ 8,500	\$ 14,959	\$ 6,459
Charges for law enforcement and traffic control	2,717	2,717	1,586	(1,131)
Charges for courthouse maintenance	47,000	47,000	44,865	(2,135)
Charges for courthouse security	64,000	64,000	61,184	(2,816)
Charges for commonwealth's attorney	1,500	1,500	2,321	821
Animal redemption fees	6,000	6,000	3,835	(2,165)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 175,000	\$ 200,000	\$ 225,023	\$ 25,023
Charges for parks and recreation	4,000	4,000	4,930	930
Charges for PSA administration	60,000	102,000	102,000	-
Other charges for services	4,300	4,300	13,792	9,492
Total charges for services	<u>\$ 373,017</u>	<u>\$ 440,017</u>	<u>\$ 474,495</u>	<u>\$ 34,478</u>
Miscellaneous revenue:				
Miscellaneous	\$ 304,500	\$ 589,811	\$ 948,650	\$ 358,839
County fair donations and other revenue	100,000	114,927	152,219	37,292
Total miscellaneous revenue	<u>\$ 404,500</u>	<u>\$ 704,738</u>	<u>\$ 1,100,869</u>	<u>\$ 396,131</u>
Recovered costs:				
Soil & water conservation technician	\$ 125,428	\$ 125,428	\$ 156,522	\$ 31,094
School board reimbursements	83,646	83,646	104,558	20,912
Total recovered costs	<u>\$ 209,074</u>	<u>\$ 209,074</u>	<u>\$ 261,080</u>	<u>\$ 52,006</u>
Total revenue from local sources	<u>\$ 29,958,052</u>	<u>\$ 30,460,290</u>	<u>\$ 31,215,012</u>	<u>\$ 754,722</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 61,000	\$ 61,000	\$ 812	\$ (60,188)
Mobile home titling tax	60,000	60,000	39,038	(20,962)
Motor vehicle rental tax	5,000	5,000	4,110	(890)
State recordation tax	46,800	46,800	51,936	5,136
Personal property tax relief funds	1,503,000	1,503,000	1,503,709	709
Communications taxes	1,135,691	1,135,691	1,210,535	74,844
State reduction in aid to localities	-	(273,267)	(273,267)	-
Total noncategorical aid	<u>\$ 2,811,491</u>	<u>\$ 2,538,224</u>	<u>\$ 2,536,873</u>	<u>\$ (1,351)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 416,617	\$ 416,617	\$ 426,960	\$ 10,343
Drug prosecutor	105,776	111,247	93,791	(17,456)
Sheriff	1,452,971	1,507,424	1,440,661	(66,763)
Commissioner of revenue	123,073	123,073	123,015	(58)
Treasurer	109,693	109,693	110,575	882
Medical examiner	1,500	1,500	-	(1,500)
Registrar/electoral board	55,110	55,110	43,128	(11,982)
Clerk of the Circuit Court	286,089	294,848	303,758	8,910
Total shared expenses	<u>\$ 2,550,829</u>	<u>\$ 2,619,512</u>	<u>\$ 2,541,888</u>	<u>\$ (77,624)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Other categorical aid:				
Emergency services grants	\$ 80,000	\$ 92,613	\$ 66,807	\$ (25,806)
Correctional facilities grant	63,364	63,364	63,364	-
Fire program funds	80,000	80,000	78,410	(1,590)
Other state funds	90,000	90,000	86,293	(3,707)
Total other categorical aid	<u>\$ 313,364</u>	<u>\$ 325,977</u>	<u>\$ 294,874</u>	<u>\$ (31,103)</u>
Total categorical aid	<u>\$ 2,864,193</u>	<u>\$ 2,945,489</u>	<u>\$ 2,836,762</u>	<u>\$ (108,727)</u>
Total revenue from the Commonwealth	<u>\$ 5,675,684</u>	<u>\$ 5,483,713</u>	<u>\$ 5,373,635</u>	<u>\$ (110,078)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 40,312</u>	<u>\$ 25,312</u>
Categorical aid:				
Emergency management performance grant	\$ -	\$ -	\$ 12,196	\$ 12,196
Community facilities loans and grants	-	-	138,789	138,789
Public safety interoperable safety communications grant	-	5,000	47,201	42,201
State and community highway safety program	-	-	6,933	6,933
Total categorical aid	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 205,119</u>	<u>\$ 200,119</u>
Total revenue from the federal government	<u>\$ 15,000</u>	<u>\$ 20,000</u>	<u>\$ 245,431</u>	<u>\$ 225,431</u>
Total General Fund	<u><u>\$ 35,648,736</u></u>	<u><u>\$ 35,964,003</u></u>	<u><u>\$ 36,834,078</u></u>	<u><u>\$ 870,075</u></u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,499</u>	<u>\$ 153,499</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,499</u>	<u>\$ 153,499</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,349,232	\$ 1,349,232	\$ 1,380,614	\$ 31,382
Comprehensive Services Act program	2,433,430	2,433,430	1,879,553	(553,877)
Total categorical aid	<u>\$ 3,782,662</u>	<u>\$ 3,782,662</u>	<u>\$ 3,260,167</u>	<u>\$ (522,495)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,398,634	\$ 2,398,634	\$ 2,453,226	\$ 54,592
Total categorical aid	<u>\$ 2,398,634</u>	<u>\$ 2,398,634</u>	<u>\$ 2,453,226</u>	<u>\$ 54,592</u>
Total Virginia Public Assistance Fund	<u><u>\$ 6,181,296</u></u>	<u><u>\$ 6,181,296</u></u>	<u><u>\$ 5,866,892</u></u>	<u><u>\$ (314,404)</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
State and Federal Grants Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Litter control grant	\$ 15,000	\$ 15,000	\$ 16,858	\$ 1,858
Community corrections board grant	490,954	499,851	499,968	117
Crime victims grant	54,682	54,682	27,340	(27,342)
Refurbishing grant	-	-	21,510	21,510
Commission for the arts grant	2,500	2,500	-	(2,500)
Other state funds	-	50,000	-	(50,000)
Total categorical aid	<u>\$ 563,136</u>	<u>\$ 622,033</u>	<u>\$ 565,676</u>	<u>\$ (56,357)</u>
Total revenue from the Commonwealth	<u>\$ 563,136</u>	<u>\$ 622,033</u>	<u>\$ 565,676</u>	<u>\$ (56,357)</u>
Revenue from the federal government:				
Categorical aid:				
Energy efficiency and conservation block grant	\$ -	\$ 400,000	\$ -	\$ (400,000)
Community development block grant	-	15,000	218,654	203,654
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 415,000</u>	<u>\$ 218,654</u>	<u>\$ (196,346)</u>
Total State and Federal Grants Fund	<u>\$ 563,136</u>	<u>\$ 1,037,033</u>	<u>\$ 784,330</u>	<u>\$ (252,703)</u>
William M. Tuck Airport Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 60,000	\$ 80,000	\$ 82,923	2,923
Total revenue from local sources	<u>60,000</u>	<u>80,000</u>	<u>82,923</u>	<u>2,923</u>
Revenue from the Commonwealth:				
Categorical aid:				
Airport aid	\$ -	\$ -	\$ 6,284	6,284
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,284</u>	<u>\$ 6,284</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,284</u>	<u>\$ 6,284</u>
Revenue from the federal government:				
Categorical aid:				
Airport aid - FAA	\$ -	\$ -	\$ 64,785	64,785
Total categorical aid	<u>-</u>	<u>-</u>	<u>64,785</u>	<u>64,785</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,785</u>	<u>\$ 64,785</u>
Total William M. Tuck Airport Fund	<u>\$ 60,000</u>	<u>\$ 80,000</u>	<u>\$ 153,992</u>	<u>\$ 73,992</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from the federal government:				
Categorical aid:				
Energy efficiency and conservation block grant	\$ -	\$ -	\$ 183,658	\$ 183,658
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,658</u>	<u>\$ 183,658</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,658</u>	<u>\$ 183,658</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,658</u>	<u>\$ 183,658</u>
Total Primary Government	<u>\$ 42,453,168</u>	<u>\$ 43,262,332</u>	<u>\$ 43,822,950</u>	<u>\$ 560,618</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 1,579,157	\$ 1,405,000	\$ 1,463,666	\$ 58,666
Total revenue from local sources	<u>\$ 1,579,157</u>	<u>\$ 1,405,000</u>	<u>\$ 1,463,666</u>	<u>\$ 58,666</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Halifax, Virginia	\$ 13,256,000	\$ 14,138,154	\$ 13,882,874	\$ (255,280)
Total revenues from local governments	<u>\$ 13,256,000</u>	<u>\$ 14,138,154</u>	<u>\$ 13,882,874</u>	<u>\$ (255,280)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,185,252	\$ 5,185,252	\$ 5,397,221	\$ 211,969
Basic school aid	19,506,683	17,562,316	16,404,173	(1,158,143)
Remedial summer education	207,304	197,292	232,499	35,207
Regular foster care	34,598	34,598	23,926	(10,672)
Gifted and talented	193,440	184,098	182,271	(1,827)
Remedial education	722,177	687,300	680,480	(6,820)
Special education	3,795,726	3,612,415	3,710,552	98,137
Textbook payment	324,765	214,945	139,017	(75,928)
Vocational standards of quality payments	657,697	845,723	619,723	(226,000)
Lottery invoice payments	-	-	73,795	73,795
Fringe benefits	3,202,510	1,947,350	1,928,025	(19,325)
Early reading intervention	99,556	94,748	105,765	11,017
Comprehensive at risk	975,561	886,763	877,789	(8,974)
K-3 Primary class	822,997	737,623	744,034	6,411
Algebra readiness	-	94,957	94,847	(110)
At risk payments	562,356	535,198	535,198	-
English as a second language	25,252	22,704	23,487	783
Other state funds	645,755	1,914,586	1,981,331	66,745
Total categorical aid	<u>\$ 36,961,629</u>	<u>\$ 34,757,868</u>	<u>\$ 33,754,133</u>	<u>\$ (1,003,735)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ -	\$ 1,587,182	\$ 1,587,182
Title I - ARRA	-	-	381,991	381,991
Title VI-B, special education flow-through	1,325,000	1,600,000	1,603,575	3,575
Title VI-B, special education flow-through - ARRA	-	-	1,010,118	1,010,118
Vocational education	-	-	124,640	124,640
Title VI-B, special education pre-school	-	-	49,671	49,671
Title VI-B, special education pre-school - ARRA	-	-	50,005	50,005
State fiscal stabilization funds	-	-	789,023	789,023
Drug free schools	-	-	14,198	14,198
English language acquisition grants	-	-	28,784	28,784
21st Century community learning	-	-	627,867	627,867
Title II, Part A; Improving teacher quality - state grants	-	-	418,977	418,977
Jobs Funds	-	1,572,136	1,572,136	-
Education technology state grants - ARRA	-	-	36,275	36,275
Title II, Part D; Education technology state grants	-	-	14,270	14,270
Migrant education	-	-	58	58
E-Rate	-	-	43,680	43,680
Medicaid	-	-	82,302	82,302
Other federal funds	3,614,124	3,824,157	-	(3,824,157)
Total categorical aid	<u>\$ 4,939,124</u>	<u>\$ 6,996,293</u>	<u>\$ 8,434,752</u>	<u>\$ 1,438,459</u>
Total revenue from the federal government	<u>4,939,124</u>	<u>6,996,293</u>	<u>8,434,752</u>	<u>1,438,459</u>
Total School Operating Fund	<u>\$ 56,735,910</u>	<u>\$ 57,297,315</u>	<u>\$ 57,535,425</u>	<u>\$ 238,110</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 70	\$ 70
Charges for services:				
Cafeteria sales	\$ 1,000,000	\$ 1,000,000	\$ 1,013,756	\$ 13,756
Total revenue from local sources	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,013,826</u>	<u>\$ 13,826</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 37,400	\$ 37,400
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,400</u>	<u>\$ 37,400</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,850,000	\$ 1,850,000	\$ 2,128,785	\$ 278,785
Total revenue from the federal government	\$ 1,850,000	\$ 1,850,000	\$ 2,128,785	\$ 278,785
Total School Cafeteria Fund	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 3,180,011</u>	<u>\$ 330,011</u>
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 964	\$ 964
Charges for services:				
Textbook rentals	\$ -	\$ -	\$ 67,694	\$ 67,694
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,658</u>	<u>\$ 68,658</u>
Capital Projects Fund:				
School Capital Improvements Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 9,135	\$ 9,135
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,135</u>	<u>\$ 9,135</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,135</u>	<u>\$ 9,135</u>
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,135</u>	<u>\$ 9,135</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 59,585,910</u>	<u>\$ 60,147,315</u>	<u>\$ 60,793,229</u>	<u>\$ 645,914</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 250,115	\$ 273,616	\$ 238,485	\$ 35,131
General and financial administration:				
County administrator	\$ 253,818	\$ 296,557	\$ 295,130	\$ 1,427
Legal services	80,000	80,000	131,854	(51,854)
Commissioner of revenue	404,797	408,027	388,049	19,978
Assessment	166,740	168,630	158,998	9,632
Treasurer	403,954	411,465	370,990	40,475
Central accounting	412,464	424,394	413,769	10,625
Professional services	60,000	60,000	50,986	9,014
Total general and financial administration	<u>\$ 1,781,773</u>	<u>\$ 1,849,073</u>	<u>\$ 1,809,776</u>	<u>\$ 39,297</u>
Board of elections:				
Electoral board and officials	\$ 69,213	\$ 69,213	\$ 41,736	\$ 27,477
Registrar	114,242	114,780	96,837	17,943
Total board of elections	<u>\$ 183,455</u>	<u>\$ 183,993</u>	<u>\$ 138,573</u>	<u>\$ 45,420</u>
Total general government administration	<u>\$ 2,215,343</u>	<u>\$ 2,306,682</u>	<u>\$ 2,186,834</u>	<u>\$ 119,848</u>
Judicial administration:				
Courts:				
Circuit court	\$ 38,791	\$ 49,880	\$ 53,654	\$ (3,774)
General district court	16,000	16,000	19,228	(3,228)
Special magistrates	2,600	2,600	2,219	381
Juvenile and domestic relations district court	16,150	16,150	15,556	594
Law library	8,500	8,500	9,400	(900)
Courthouse security	-	160,217	144,666	15,551
Courthouse maintenance	22,000	22,000	-	22,000
Clerk of the circuit court	464,045	476,034	461,199	14,835
Total courts	<u>\$ 568,086</u>	<u>\$ 751,381</u>	<u>\$ 705,922</u>	<u>\$ 45,459</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 617,794	\$ 622,100	\$ 604,568	\$ 17,532
Multi-jurisdictional drug prosecutor	128,949	134,420	80,757	53,663
Total commonwealth's attorney	<u>\$ 746,743</u>	<u>\$ 756,520</u>	<u>\$ 685,325</u>	<u>\$ 71,195</u>
Total judicial administration	<u>\$ 1,314,829</u>	<u>\$ 1,507,901</u>	<u>\$ 1,391,247</u>	<u>\$ 116,654</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,445,719	\$ 2,523,489	\$ 2,479,105	\$ 44,384
Drug task force	-	-	41,014	(41,014)
Emergency operations center	740,653	746,574	679,075	67,499
Total law enforcement and traffic control	<u>\$ 3,186,372</u>	<u>\$ 3,270,063</u>	<u>\$ 3,199,194</u>	<u>\$ 70,869</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
General government administration: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 654,775	\$ 690,819	\$ 697,398	\$ (6,579)
Contribution to rescue squad	120,000	120,000	120,000	-
Ambulance and rescue services	67,500	100,590	77,213	23,377
Emergency services	95,412	171,243	151,769	19,474
Forestry service	31,200	31,200	31,166	34
Total fire and rescue services	<u>\$ 968,887</u>	<u>\$ 1,113,852</u>	<u>\$ 1,077,546</u>	<u>\$ 36,306</u>
Correction and detention:				
Regional jail	<u>\$ 2,112,986</u>	<u>\$ 2,112,986</u>	<u>\$ 1,955,583</u>	<u>\$ 157,403</u>
Inspections:				
Building	<u>\$ 246,238</u>	<u>\$ 248,391</u>	<u>\$ 243,764</u>	<u>\$ 4,627</u>
Other protection:				
Animal control	\$ 219,420	\$ 237,558	\$ 262,485	\$ (24,927)
Medical examiner	1,500	1,500	360	1,140
Total other protection	<u>\$ 220,920</u>	<u>\$ 239,058</u>	<u>\$ 262,845</u>	<u>\$ (23,787)</u>
Total public safety	<u>\$ 6,735,403</u>	<u>\$ 6,984,350</u>	<u>\$ 6,738,932</u>	<u>\$ 245,418</u>
Public works:				
Sanitation and waste removal:				
Public works and environmental services	<u>\$ 2,134,201</u>	<u>\$ 2,468,013</u>	<u>\$ 2,781,446</u>	<u>\$ (313,433)</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,067,109</u>	<u>\$ 1,125,487</u>	<u>\$ 931,146</u>	<u>\$ 194,341</u>
Total public works	<u>\$ 3,201,310</u>	<u>\$ 3,593,500</u>	<u>\$ 3,712,592</u>	<u>\$ (119,092)</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	<u>\$ 71,000</u>	<u>\$ 71,000</u>	<u>\$ 71,000</u>	<u>\$ -</u>
Welfare:				
Other social services	<u>\$ 18,240</u>	<u>\$ 18,240</u>	<u>\$ 18,240</u>	<u>\$ -</u>
Total welfare	<u>\$ 18,240</u>	<u>\$ 18,240</u>	<u>\$ 18,240</u>	<u>\$ -</u>
Total health and welfare	<u>\$ 338,439</u>	<u>\$ 338,439</u>	<u>\$ 338,439</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
General government administration: (Continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 63,150	\$ 87,150	\$ 87,150	\$ -
Contribution to County School Board	13,256,000	14,138,154	13,882,874	255,280
Total education	<u>\$ 13,319,150</u>	<u>\$ 14,225,304</u>	<u>\$ 13,970,024</u>	<u>\$ 255,280</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 203,077	\$ 234,276	\$ 219,221	\$ 15,055
County fair	121,000	150,260	153,300	(3,040)
Total parks and recreation	<u>\$ 324,077</u>	<u>\$ 384,536</u>	<u>\$ 372,521</u>	<u>\$ 12,015</u>
Library:				
Contribution to county library	\$ 220,000	\$ 220,000	\$ 223,500	\$ (3,500)
Total parks, recreation, and cultural	<u>\$ 544,077</u>	<u>\$ 604,536</u>	<u>\$ 596,021</u>	<u>\$ 8,515</u>
Community development:				
Planning and community development:				
Planning & zoning	\$ 156,785	\$ 157,862	\$ 158,243	\$ (381)
Community action agency	53,438	53,438	53,438	-
Southside Planning District	46,688	46,688	46,688	-
Halifax County tourism	70,702	71,240	67,497	3,743
Community contributions	13,775	13,775	13,775	-
Contribution to Industrial Development Authority	795,000	795,000	822,680	(27,680)
Total planning and community development	<u>\$ 1,136,388</u>	<u>\$ 1,138,003</u>	<u>\$ 1,162,321</u>	<u>\$ (24,318)</u>
Environmental management:				
Environmental management	\$ 154,467	\$ 155,544	\$ 157,361	\$ (1,817)
Cooperative extension program:				
Extension office	\$ 106,058	\$ 106,058	\$ 76,735	\$ 29,323
Agricultural development agent	71,837	72,375	56,577	15,798
Total cooperative extension program	<u>\$ 177,895</u>	<u>\$ 178,433</u>	<u>\$ 133,312</u>	<u>\$ 45,121</u>
Total community development	<u>\$ 1,468,750</u>	<u>\$ 1,471,980</u>	<u>\$ 1,452,994</u>	<u>\$ 18,986</u>
Nondepartmental:				
Halifax County Service Authority	\$ 134,000	\$ 134,000	\$ 136,733	\$ (2,733)
Health insurance premiums - other agencies/entities	-	-	89,594	
Miscellaneous	\$ 13,265	\$ 13,265	\$ 124,840	\$ (111,575)
Total nondepartmental	<u>\$ 147,265</u>	<u>\$ 147,265</u>	<u>\$ 351,167</u>	<u>\$ (114,308)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 3,245,703	\$ 3,245,703	\$ 3,245,703	\$ -
Interest and other fiscal charges	2,601,620	2,601,620	2,638,638	(37,018)
Total debt service	<u>\$ 5,847,323</u>	<u>\$ 5,847,323</u>	<u>\$ 5,884,341</u>	<u>\$ (37,018)</u>
 Total General Fund	 <u>\$ 35,131,889</u>	 <u>\$ 37,027,280</u>	 <u>\$ 36,622,591</u>	 <u>\$ 494,283</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration and assistance	\$ 4,761,334	\$ 4,799,810	\$ 4,633,511	\$ 166,299
Comprehensive services	3,018,813	3,018,813	2,903,873	114,940
Total welfare and social services	<u>\$ 7,780,147</u>	<u>\$ 7,818,623</u>	<u>\$ 7,537,384</u>	<u>\$ 281,239</u>
 Total Virginia Public Assistance Fund	 <u>\$ 7,780,147</u>	 <u>\$ 7,818,623</u>	 <u>\$ 7,537,384</u>	 <u>\$ 281,239</u>
State and Federal Grants Fund:				
Judicial administration:				
Courts:				
Crime victims grant	\$ 54,682	\$ 55,220	\$ 55,553	\$ (333)
Refurbishing clerk of circuit court	-	-	24,821	(24,821)
Total judicial administration	<u>\$ 54,682</u>	<u>\$ 55,220</u>	<u>\$ 80,374</u>	<u>\$ (25,154)</u>
 Public safety:				
Correction and detention:				
Community corrections board	<u>\$ 490,954</u>	<u>\$ 490,953</u>	<u>\$ 503,782</u>	<u>\$ (12,829)</u>
 Parks, recreation, and cultural:				
Cultural enrichment:				
Commission for the Arts	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>
 Community development:				
Planning and community development:				
Improvement council	\$ 41,870	\$ 41,870	\$ 37,413	\$ 4,457
Community development grant	-	-	26,104	(26,104)
VA DMME grant - energy efficiency	-	450,000	-	450,000
Housing grant - Sunnybrook	-	-	21,532	(21,532)
Halifax downtown project	-	15,000	27,382	(12,382)
 Total community development	 <u>\$ 41,870</u>	 <u>\$ 506,870</u>	 <u>\$ 112,431</u>	 <u>\$ 394,439</u>
 Total State and Federal Grants Fund	 <u>\$ 592,506</u>	 <u>\$ 1,058,043</u>	 <u>\$ 699,087</u>	 <u>\$ 358,956</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
William M. Tuck Airport Fund:				
Community development:				
Planning and community development:				
Airport expenditures	\$ 49,700	\$ 69,700	\$ 213,172	\$ (143,472)
Debt service:				
Principal retirement	\$ 12,574	\$ 12,574	\$ 12,574	\$ -
Interest and other fiscal charges	2,950	2,950	2,950	-
Total debt service	<u>\$ 15,524</u>	<u>\$ 15,524</u>	<u>\$ 15,524</u>	<u>\$ -</u>
Total William M. Tuck Airport Fund	<u>\$ 65,224</u>	<u>\$ 85,224</u>	<u>\$ 228,696</u>	<u>\$ (143,472)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Energy efficiency improvements	\$ -	\$ -	\$ 191,158	\$ (191,158)
Sheriff cars	-	71,875	164,560	(92,685)
Convenience centers	-	77,698	84,060	(6,362)
Bond issuance costs	-	-	30,466	(30,466)
Total capital projects	<u>\$ -</u>	<u>\$ 149,573</u>	<u>\$ 470,244</u>	<u>\$ (320,671)</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ 149,573</u>	<u>\$ 470,244</u>	<u>\$ (320,671)</u>
Total Primary Government	<u>\$ 43,569,766</u>	<u>\$ 46,138,743</u>	<u>\$ 45,558,002</u>	<u>\$ 670,335</u>
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
School board and administration	<u>\$ 1,938,940</u>	<u>\$ 1,938,940</u>	<u>\$ 1,934,948</u>	<u>\$ 3,992</u>
School food services				
Food services	<u>\$ 229,120</u>	<u>\$ 130,408</u>	<u>\$ 141,202</u>	<u>\$ (10,794)</u>
Instruction costs:				
Elementary and secondary schools	\$ 40,916,562	\$ 41,524,287	\$ 41,123,055	\$ 401,232
Federal projects	3,600,000	3,600,000	4,341,899	(741,899)
Total instruction costs	<u>\$ 44,516,562</u>	<u>\$ 45,124,287</u>	<u>\$ 45,464,954</u>	<u>\$ (340,667)</u>
Operating costs:				
Pupil transportation	\$ 3,878,684	\$ 3,878,684	\$ 3,874,673	\$ 4,011
Operation and maintenance of school plant	6,120,212	6,172,604	6,077,043	95,561
Total operating costs	<u>\$ 9,998,896</u>	<u>\$ 10,051,288</u>	<u>\$ 9,951,716</u>	<u>\$ 99,572</u>
Total education	<u>\$ 56,683,518</u>	<u>\$ 57,244,923</u>	<u>\$ 57,492,820</u>	<u>\$ (247,897)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ 40,000	\$ 40,000	\$ 35,000	\$ 5,000
Interest and other fiscal charges	12,392	12,392	7,605	4,787
Total debt service	<u>\$ 52,392</u>	<u>\$ 52,392</u>	<u>\$ 42,605</u>	<u>\$ 9,787</u>
 Total School Fund	 <u>\$ 56,735,910</u>	 <u>\$ 57,297,315</u>	 <u>\$ 57,535,425</u>	 <u>\$ (238,110)</u>
 School Cafeteria Fund:				
Education:				
School food services	\$ 2,850,000	\$ 2,948,712	\$ 3,202,789	\$ (254,077)
Total School Cafeteria Fund	<u>\$ 2,850,000</u>	<u>\$ 2,948,712</u>	<u>\$ 3,202,789</u>	<u>\$ (254,077)</u>
 School Textbook Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 420,369	\$ (420,369)
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,369</u>	<u>\$ (420,369)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 59,585,910</u>	 <u>\$ 60,246,027</u>	 <u>\$ 61,158,583</u>	 <u>\$ (912,556)</u>

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Other Statistical Information

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COUNTY OF HALIFAX, VIRGINIA

Table 1

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

Fiscal Year	General											Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Business-Type Activities (3)		
2002-03	\$ 1,540,240	\$ 803,758	\$ 5,439,592	\$ 1,557,830	\$ 4,966,993	\$ 10,288,048	\$ 303,994	\$ 1,081,649	\$ 598,710	\$ 304,456	\$ 26,885,270	
2003-04	1,722,485	1,083,649	6,151,620	1,531,344	5,528,865	10,732,182	324,448	2,528,419	533,126	289,324	30,425,462	
2004-05	1,511,027	1,141,869	6,739,414	2,201,147	5,380,161	12,103,336	355,481	3,535,237	450,855	310,276	33,728,803	
2005-06	1,832,019	1,169,866	6,252,307	2,252,206	6,199,469	13,397,147	407,606	2,949,509	1,211,711	566,889	36,238,729	
2006-07	2,000,161	1,275,407	6,942,019	2,345,652	7,665,807	12,542,439	465,052	3,158,513	2,940,181	625,463	39,960,694	
2007-08	2,580,816	1,382,701	7,353,873	2,096,176	7,708,608	22,012,386	894,038	3,302,635	2,318,580	4,950,117	54,599,930	
2008-09	2,312,849	1,405,780	7,804,899	3,990,358	8,085,471	18,242,542	612,848	1,767,995	2,815,705	-	47,038,447	
2009-10	3,090,119	1,429,764	7,325,326	3,812,180	7,787,497	16,063,821	552,569	2,002,198	2,585,383	-	44,648,857	
2010-11	2,418,864	1,482,465	7,564,127	5,195,264	7,904,249	17,312,615	632,558	1,680,884	2,471,149	-	46,662,175	

(1) Information has only been available for 8 years.

(2) Includes primary government only.

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

COUNTY OF HALIFAX, VIRGINIA

Table 2

Government-Wide Revenues
Last Nine Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Other Local Taxes	General Property Taxes	Unrestricted Investment Earnings	Miscellaneous	Restricted to Specific Programs	Grants and Contributions Not Restricted to Specific Programs	
2002-03	\$ 804,286	\$ 7,689,931	\$ 1,104,067	\$ 5,297,557	\$ 14,094,304	\$ 426,705	\$ 261,498	\$ 2,333,115	\$ 32,011,463	
2003-04	842,749	7,626,882	1,035,484	5,566,404	15,013,226	349,020	559,849	1,863,289	32,856,903	
2004-05	775,336	8,299,912	1,316,361	5,885,175	15,482,599	549,581	354,048	1,675,128	34,338,140	
2005-06	896,598	8,737,400	413,539	6,163,007	18,119,877	1,401,345	638,495	1,796,891	38,167,152	
2006-07	974,949	10,249,711	1,527,388	6,306,972	20,667,806	2,274,778	435,632	1,822,478	44,259,714	
2007-08	582,735	9,808,887	1,774,373	6,393,593	30,744,187	2,320,614	718,423	2,201,320	54,544,132	
2008-09	638,515	9,801,128	1,177,293	5,905,056	24,538,078	589,508	437,425	1,502,504	44,589,507	
2009-10	695,753	9,934,844	347,708	4,686,780	23,945,473	411,274	1,104,045	2,658,996	43,784,873	
2010-11	690,073	9,353,614	440,717	4,834,750	23,996,264	406,707	854,368	2,577,185	43,153,678	

(1) Information has only been available for 8 years.

(2) Includes primary government only.

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

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

Fiscal Year	General										Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Debt Service	
2001-02	\$ 1,205,441	\$ 790,391	\$ 6,802,027	\$ 1,973,792	\$ 4,428,694	\$ 43,250,503	\$ 147,291	\$ 1,318,791	\$ 6,067	\$ 2,100,434	\$ 62,023,431
2002-03	1,182,399	825,764	5,347,849	1,344,883	4,941,390	47,006,169	295,194	2,042,159	-	1,875,857	64,861,664
2003-04	1,375,346	1,120,330	5,828,400	1,569,164	5,529,022	48,757,423	316,043	3,049,065	-	1,675,734	69,220,527
2004-05	1,481,322	1,166,359	6,593,025	1,793,623	5,376,011	53,579,424	361,636	4,029,065	-	1,595,594	75,976,059
2005-06	1,749,241	1,182,823	6,330,220	1,937,473	6,194,497	56,798,887	379,530	3,279,371	3,464	1,640,534	79,496,040
2006-07	1,847,104	1,277,304	6,828,457	2,089,523	7,644,557	59,971,600	445,885	3,141,263	50,480	4,098,889	87,395,062
2007-08	2,121,771	1,398,840	6,993,742	2,617,573	7,734,479	61,634,425	424,717	3,787,477	212,970	5,549,361	92,475,355
2008-09	2,141,122	1,391,667	7,440,463	3,325,895	8,019,717	64,323,460	591,205	1,763,924	391,150	6,051,488	95,440,091
2009-10	2,630,693	1,419,225	7,397,339	3,175,611	7,733,969	61,376,043	584,207	2,387,062	418,979	5,885,023	93,008,151
2010-11	2,186,834	1,471,621	7,242,714	3,712,592	7,875,823	61,062,113	598,521	1,778,597	351,167	5,942,470	92,222,452

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 4

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permits, Privilege Fees, Regulatory Licenses		Fines and Forfeitures		Revenue from the Use of Money and Property		Charges for Services		Miscellaneous		Recovered Costs		Inter-governmental (2)		Total	
2001-02	\$	12,294,779	\$	4,892,448	\$	110,658	\$	41,123	\$	463,870	\$	1,420,402	\$	562,764	\$	130,400	\$	41,847,246	\$	61,763,690
2002-03		14,053,268		5,297,557		116,584		31,340		416,768		1,411,050		524,506		105,389		44,767,819		66,724,281
2003-04		14,724,623		5,566,404		128,231		25,077		356,989		1,431,521		820,408		137,713		38,794,325		61,985,291
2004-05		15,466,288		5,885,175		129,775		22,157		548,052		1,467,896		1,184,604		144,786		51,547,745		76,396,478
2005-06		17,986,767		6,163,007		153,490		31,633		1,402,700		1,485,108		1,748,676		787,970		53,594,874		83,354,225
2006-07		20,515,847		6,306,972		127,543		16,663		2,276,997		1,585,555		1,115,579		204,147		60,237,578		92,386,881
2007-08		30,263,336		6,393,593		138,168		16,311		2,254,804		1,653,143		2,079,186		330,204		60,595,023		103,723,768
2008-09		24,346,869		5,905,056		122,761		73,379		591,734		2,334,130		1,536,350		121,259		60,305,548		95,337,086
2009-10		23,509,675		4,686,780		130,416		62,043		413,567		2,131,400		2,786,770		124,571		59,105,452		92,950,674
2010-11		24,004,456		4,834,750		141,352		74,226		407,741		1,555,945		2,718,034		261,080		56,726,586		90,724,170

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3,4)		Current Tax Collections (1)		Percent of Levy Collected		Delinquent Tax Collections (1)		Total Tax Collections		Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
	\$		\$		%		\$		\$		%		\$		%	
2001-02	\$ 14,376,470	\$	13,482,473	\$	93.78%	\$	259,127	\$	13,741,600	\$	95.58%	\$	1,518,259	10.56%		
2002-03	15,645,110		15,019,836		96.00%		320,909		15,340,745		98.05%		1,517,589	9.70%		
2003-04	16,189,008		15,206,057		93.93%		727,778		15,933,835		98.42%		1,298,464	8.02%		
2004-05	16,667,284		16,110,369		96.66%		419,749		16,530,118		99.18%		1,460,674	8.76%		
2005-06	19,548,439		18,855,929		96.46%		200,820		19,056,749		97.48%		1,439,428	7.36%		
2006-07	20,473,289		19,758,307		96.51%		416,535		20,174,842		98.54%		1,796,186	8.77%		
2007-08	31,484,340		30,490,974		96.84%		570,092		31,061,066		98.66%		2,086,683	6.63%		
2008-09	25,471,645		25,086,207		98.49%		199,676		25,285,883		99.27%		2,164,820	8.50%		
2009-10	24,450,576		23,182,891		94.82%		1,252,839		24,435,730		99.94%		2,279,104	9.32%		
2010-11	24,968,092		22,516,171		90.18%		2,446,207		24,962,378		99.98%		2,380,138	9.53%		

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools			Mobile Homes	Public Utility (2)	Total
2001-02	\$ 1,523,727,584	\$ 287,475,583	\$ 129,813,500	\$ 26,273,123	\$ 728,653,925	\$ 2,695,943,715		
2002-03	1,546,356,849	278,982,097	100,039,773	26,765,260	685,105,818	2,637,249,797		
2003-04	1,569,245,514	280,451,047	106,841,200	27,426,465	770,683,235	2,754,647,461		
2004-05	1,910,664,805	263,810,600	107,198,300	24,372,634	776,778,376	3,082,824,715		
2005-06	1,935,164,682	282,638,875	119,637,200	24,397,296	746,782,274	3,108,620,327		
2006-07	2,157,582,260	218,028,800	131,854,800	24,130,000	1,042,337,183	3,573,933,043		
2007-08	2,186,407,594	218,486,973	113,786,300	24,404,648	1,020,808,708	3,563,894,223		
2008-09	2,582,057,659	221,649,707	118,967,559	24,513,892	1,025,725,027	3,972,913,844		
2009-10	2,642,838,286	194,222,175	105,229,100	24,281,492	1,071,208,087	4,037,779,140		
2010-11	2,682,107,141	195,399,423	102,266,400	21,607,200	1,144,472,640	4,145,852,804		

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

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

(3) Personal property is assessed at 100% of fair market value as of January 1, 1995.

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

COUNTY OF HALIFAX, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2001-02	\$ 0.40	\$ 1.26	\$ 1.26
2002-03	0.42	1.76	1.26
2003-04	0.42	1.76	1.26
2004-05	0.37	2.00	1.26
2005-06	0.41	2.50	1.26
2006-07	0.41	3.30	1.26
2007-08	0.44 / 0.48	3.30	1.26
2008-09	0.44	3.60	1.26
2009-10	.44 / .43	3.60	1.26
2010-11	.43 / .43	3.60	1.26

(1) Per \$100 of assessed value.

(2) In fiscal year 2008 the County assessed and billed property taxes in installments, Dec. 5 and June 5
The rates include first and second half installments, respectively.

COUNTY OF HALIFAX, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to	
					Assessed Value	Net Bonded Debt per Capita
2001-02	37,355	2,695,944	\$ 13,864,083	\$ 13,864,083	0.51%	\$ 371
2002-03	37,355	2,637,250	13,082,217	13,082,217	0.50%	350
2003-04	37,355	2,754,647	11,988,042	11,988,042	0.44%	321
2004-05	37,355	3,082,825	11,223,380	11,223,380	0.36%	300
2005-06	36,700	3,108,620	59,003,606	59,003,606	1.90%	1,608
2006-07	36,700	3,573,933	67,721,571	67,721,571	1.89%	1,845
2007-08	36,700	3,563,894	64,115,842	64,115,842	1.80%	1,747
2008-09	36,700	3,972,914	61,471,134	61,471,134	1.55%	1,675
2009-10	36,700	4,037,779	58,708,346	58,708,346	1.45%	1,600
2010-11	36,241	4,145,853	55,850,717	55,850,717	1.35%	1,541

(1) Center for Public Service at the University of Virginia.

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 9

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

Fiscal Year	Principal		Interest	Total Debt Service		Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2001-02	\$ 1,190,921	\$ 909,513	\$ 2,100,434	\$ 62,023,431	3.39%		
2002-03	1,051,579	586,876	1,638,455	64,861,664	2.53%		
2003-04	512,983	511,232	1,024,215	69,220,527	1.48%		
2004-05	1,096,662	436,307	1,532,969	75,976,059	2.02%		
2005-06	1,140,660	499,874	1,640,534	79,496,040	2.06%		
2006-07	1,618,829	2,480,060	4,098,889	87,395,062	4.69%		
2007-08	2,926,284	2,623,077	5,549,361	92,475,355	6.00%		
2008-09	3,066,056	3,047,366	6,113,422	95,440,091	6.41%		
2009-10	3,118,375	2,816,570	5,934,945	93,008,151	6.38%		
2010-11	3,293,277	2,649,193	5,942,470	92,222,452	6.44%		

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

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Compliance

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Halifax, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Halifax, Virginia's basic financial statements and have issued our report thereon dated December 27, 2011. We did not audit the financial statements of the School Cafeteria and School Textbook Funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements and this report on internal controls, compliance and other matters, insofar as they relate to the School Cafeteria and School Textbook Funds are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered County of Halifax, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Halifax, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Halifax, Virginia's internal control over financial reporting. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the County of Halifax, Virginia, in a separate letter dated December 27, 2011.

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

Robinson, Farmer Cox Associates
Charlottesville, Virginia
December 27, 2011

**Independent Auditor's 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 Halifax
Halifax, Virginia**

Compliance

We have audited County of Halifax, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Halifax, Virginia's major federal programs for the year ended June 30, 2011. County of Halifax, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Halifax, Virginia's management. Our responsibility is to express an opinion on County of Halifax, Virginia's compliance based on our audit. We did not audit the financial statements of the School Cafeteria and School Textbook Funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements and this report on compliance and internal controls over compliance in accordance with OMB Circular A-133, insofar as they relate to the School Cafeteria and School Textbook Funds are based solely on the report of the other auditors.

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

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

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

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, 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.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 27, 2011

COUNTY OF HALIFAX, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950110/0950111	\$ 11,858
Temporary Assistance for Needy Families (TANF)	93.558	0400110/0400111	468,531
Refugee and Entrant Assistance - State administered programs	93.566	0500110/0500111	962
Low-income Home Energy Assistance	93.568	0600410/0600411	32,380
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	0770110/0770111	112,901
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	85,688
ARRA - Child Care and Development Block Grant	93.713	0740110/0780110	11,454
Chafee Education and Training Vouchers	93.599	9160110/9160111	1,559
Child Welfare Services - State Grants	93.645	0900110/0900111	1,812
Foster Care - Title IV-E	93.658	1100110/1100111	407,045
ARRA - Foster Care - Title IV-E	93.658	1100110/1100111	18,285
Subtotal CFDA 93.658			\$ 425,330
Adoption Assistance	93.659	1120110/1120111	113,449
ARRA - Adoption Assistance	93.659	1120110/1120111	7,108
Subtotal CFDA 93.659			\$ 120,557
Social Services Block Grant	93.667	1000110/1000111	302,156
Chafee Foster Care Independence Program	93.674	9150110/9150111	7,333
Children's Health Insurance Program	93.767	0540110/0540111	15,200
Medical Assistance Program	93.778	1200110/1200111	399,609
Total Department of Health and Human Services			\$ 1,997,330
Department of Agriculture:			
Direct Payments:			
Community facilities loans and grants	10.766		\$ 138,789
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution - Child Nutrition Cluster	10.555	10.555/2011/2010	\$ 175,231
Department of Education:			
National school lunch program	10.555	10.555/2011/2010	1,420,926
Subtotal CFDA 10.555			\$ 1,596,157
Department of Education:			
Child Nutrition Cluster:			
School breakfast program	10.553	10.553/2011/2010	\$ 449,137
Fresh fruit and vegetable program	10.582	10.582/2011/2010	83,491
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	\$ 529,807
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	8,391
Subtotal CFDA 10.561			\$ 538,198
Total Department of Agriculture			\$ 2,805,772

COUNTY OF HALIFAX, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development:			
Direct payments:			
Community development block grant - States' program	14.228		\$ 58,244
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grant - States' program	14.228	N/A	160,410
Subtotal CFDA 14.228			<u>\$ 218,654</u>
Total Department of Housing and Urban Development			<u>\$ 218,654</u>
Department of Transportation:			
Direct payments:			
Airport improvement program	20.106		<u>\$ 64,785</u>
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2010502053828	<u>6,933</u>
Total Department of Transportation			<u>\$ 71,718</u>
Department of Energy:			
Pass Through Payments:			
Virginia Department of Mines, Mineral and Energy:			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	N/A	<u>\$ 183,658</u>
Total Department of Energy			<u>\$ 183,658</u>
Institute of Museum and Library:			
Pass Through Payments:			
The Library of Virginia			
Grants to States - E-Rate of Virginia	45.310	N/A	<u>\$ 43,680</u>
Total Institute of Museum and Library:			<u>\$ 43,680</u>
Department of Commerce			
Pass Through Payments:			
Virginia Department of Emergency Management - County of Charlotte, Virginia:			
Public Safety Interoperable Communications Grant Program	11.555	N/A	<u>\$ 47,201</u>
Total Department of Commerce			<u>\$ 47,201</u>
Department of Homeland Security			
Pass Through Payments:			
Emergency Management Performance Grant	97.042	N/A	<u>\$ 12,196</u>
Total Department of Homeland Security			<u>\$ 12,196</u>

COUNTY OF HALIFAX, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, part A Cluster:			
Title I: Grants to Local Educational Agencies	84.010	S011A090046	\$ 1,587,182
ARRA - Title I: Grants to Local Educational Agencies	84.389	S389A090046	381,991
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A090107	1,603,575
ARRA - Special Education - Grants to States	84.391	H027A090107	1,010,118
Special Education - Preschool Grants	84.173	H173A090012	49,671
ARRA - Special Education - Preschool Grants	84.392	H392A090112	50,005
Career and Technical Education: Basic grants to states	84.048	V048A100046	124,640
Twenty-First Century Community Learning Centers	84.287	S287C100047	627,867
Safe and Drug-free Schools and Communities - State Grants	84.186	Q186A090048	14,198
Migrant Education - State Grants	84.011	S011A080047	58
Educational Technology State Grants Cluster:			
Education technology state grants	84.318	S318X090046	14,270
ARRA - Education Technology State Grants	84.386	S386A090046	36,275
English Language Acquisition grants	84.365	T365A080046	28,784
ARRA - Education Jobs Funds	84.410	S410A100047	1,572,136
Improving Teacher Quality - State grants	84.367	S367A090044	418,977
ARRA - State Fiscal Stabilization Funds - Education state grants	84.394	S394A090047	<u>789,023</u>
Total Department of Education			\$ <u>8,308,770</u>
Total Expenditures of Federal Awards			\$ <u><u>13,688,979</u></u>

See accompanying notes to schedule of expenditures of federal awards.

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COUNTY OF HALIFAX, VIRGINIA

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles provided in OMB Circular A-81, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund		\$	245,431
Special Revenue Funds:			
Virginia Public Assistance Fund			2,453,226
State and Federal Grants Fund			218,654
William M. Tuck Airport Fund			64,785
Capital Projects Funds:			
County Capital Projects Fund			183,658
Total primary government		\$	<u>3,165,754</u>

Component Unit Public Schools:

School Operating Fund		\$	8,434,752
School Cafeteria Fund			2,128,785
Total component unit public schools		\$	<u>10,563,537</u>

Less amounts not reported on Schedule of Expenditures of
Federal Awards

Department of Interior - Payments in lieu of taxes	15.226	\$	<u>(40,312)</u>
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Total federal expenditures per basic financial statements		\$	<u>13,688,979</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards		\$	<u><u>13,688,979</u></u>
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COUNTY OF HALIFAX, VIRGINIA

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

Section I - Summary of Auditor's Results

Financial Statements

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

CFDA #	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.555	National School Lunch Program
10.555	Food Distribution
10.553	National School Breakfast Program
93.558	Temporary Assistance to Needy Families
93.658	Foster care - Title IV-E
93.658	ARRA - Foster care, Title IV-E
81.128	ARRA - Energy Efficiency and Conservation Block Grant
	Title I, part A Cluster:
84.010	Title I: Grants to Local Educational Agencies
84.389	ARRA - Title I: Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Title VI-B: Special Education - Grants to States
84.391	ARRA - Title VI-B: Special Education - Grants to States
84.173	Title VI-B: Special Education Preschool Grants
84.392	ARRA - Title VI-B: Special Education Preschool Grants
84.287	Twenty-First Century Community Learning Centers
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants
84.410	ARRA - Education Jobs Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$ 410,669
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

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