

COUNTY OF  
GREENE, VIRGINIA



FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2012



**County of Greene, Virginia**

**Financial Report**

**Year Ended June 30, 2012**

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## COUNTY OF GREENE, VIRGINIA

### BOARD OF SUPERVISORS

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Buggs Peyton, Chairman  
Davis Lamb, Vice-Chairman  
James F. Frydl  
David Cox  
Eddie Deane

### COUNTY SCHOOL BOARD

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Troy Harlow, Chairman  
Michelle Flynn, Vice Chairman  
Sharon Mack  
Rodney Kibler

### COUNTY SOCIAL SERVICE BOARD

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Larry Miller, Chairman  
Susan Gibbs, Vice-Chairman  
Eddie Deane

### OTHER OFFICIALS

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Judge of the Circuit Court.....	Daniel R. Bouton
Clerk of the Circuit Court .....	Marie C. Durrer
Judge of the General District Court .....	William G. Barkley
Judge of Juvenile & Domestic Relations District Court.....	Susan L. Whitlock
Commonwealth's Attorney .....	Ronald L. Morris
Commissioner of the Revenue .....	Larry V. Snow
Treasurer.....	Stephanie A. Deal
Sheriff .....	Steve Smith
Superintendent of Schools.....	Dave Jeck
Director of Department of Social Services.....	James Howard
County Administrator .....	Barry Clark





# ROBINSON, FARMER, COX ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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**The Honorable Members of  
The Board of Supervisors  
County of Greene, 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 Greene, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Greene, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *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. 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 Greene, Virginia, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2013, on our consideration of the County of Greene, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
March 11, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the County of Greene, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012.

### **Financial Highlights**

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

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$25,682,074 (net assets).
- Our combined long-term obligations decreased \$3,010,920 during the current fiscal year.

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported expenditures excess of revenues of \$3,679,697 (Exhibit 4) which includes contributions totaling \$9,729,200 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$19,633,432, a decrease of \$3,679,697 in comparison with the prior year.

### **Overview of the Financial Statements**

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

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

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

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

## Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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 statements 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 14 of this report.

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

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

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

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$25,682,074 at the close of the most recent fiscal year.

<b>County of Greene, Virginia's Net Assets</b>			
	<b>Governmental Activities</b>		
	<b>2012</b>	<b>2011</b>	
Current and other assets	\$ 33,091,250	\$ 35,649,324	
Capital assets	52,016,732	49,527,741	
Total assets	\$ 85,107,982	\$ 85,177,065	
Long-term liabilities outstanding	\$ 43,814,812	\$ 46,582,648	
Current liabilities	15,611,096	15,135,003	
Total liabilities	\$ 59,425,908	\$ 61,717,651	
Net assets:			
Invested in capital assets, net of related debt	\$ 11,734,104	\$ 11,202,620	
Unrestricted	13,947,970	12,256,794	
Total net assets	\$ 25,682,074	\$ 23,459,414	

At the end of the current fiscal year, the County's investment in capital assets net of related debt is \$11,734,104.

The County's net assets increased \$2,222,660 during the current fiscal year.

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

Governmental Activities - Governmental activities increased the County's net assets by \$2,222,660. Key elements of this increase are as follows:

<b>County of Greene, Virginia's Changes in Net Assets</b>			
<b>For the Years Ended June 30, 2012 and 2011</b>			
	<b>Governmental Activities</b>		
	<b>2012</b>	<b>2011</b>	
Revenues:			
Program revenues:			
Charges for services	\$ 3,891,179	\$ 4,398,744	
Operating grants and contributions	3,892,236	4,795,953	
Capital grants and contributions	40,000	-	
General revenues:			
General property taxes	16,830,631	16,628,031	
Other local taxes	3,799,812	4,099,937	
Commonwealth of Virginia non-categorical aid	2,889,095	2,391,655	
Other general revenues	265,200	324,613	
Total revenues	\$ 31,608,153	\$ 32,638,933	
Expenses:			
General government administration	\$ 2,569,601	\$ 2,413,341	
Judicial administration	796,212	750,008	
Public safety	5,925,042	5,647,390	
Public works	1,668,381	1,619,192	
Health and welfare	3,283,874	3,268,889	
Education	10,876,226	10,645,122	
Parks, recreation, and cultural	655,517	586,531	
Community development	1,896,573	1,829,783	
Interest and other fiscal charges	1,714,067	1,777,149	
Total expenses	\$ 29,385,493	\$ 28,537,405	
Change in net assets	\$ 2,222,660	\$ 4,101,528	
Net assets, July 1, 2011	23,459,414	19,357,886	
Net assets, June 30, 2012	\$ 25,682,074	\$ 23,459,414	

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

Operating grants and contributions decreased by \$903,717 during the year, due primarily to a decrease in federal grants. Charges for services decreased \$507,565 due to fewer collections of water and sewer EDU's in 2012. All other revenues increased by a net of \$388,376. The County's contribution to the School Board totaled \$10,918,614 for the year compared to \$10,681,486 in the prior year, an increase of \$237,128.

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

## **Financial Analysis of the County's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$19,633,432, a decrease of \$3,679,697 in comparison with the prior year.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$777,258 and can be briefly summarized as follows:

- \$501,966 in increases for public safety
- \$19,518 in increases for capital projects
- \$255,774 in other increases and decreases

Budgeted revenues of the general fund increased \$289,068, including increases of \$248,019 for intergovernmental revenues and \$41,049 of other increases.

## **Capital Asset and Debt Administration**

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2012 totals \$52,016,732 (net of accumulated depreciation - Note 4). This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress.

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

Long-term obligations - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$46,755,651. Of this amount \$43,379,673 comprises debt backed by the full faith and credit of the County. The County's total obligations decreased \$3,010,920 during the current fiscal year.

Additional information on the County of Greene, Virginia's long-term debt can be found in Note 5 of this report.

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

- The unemployment rate for the County is currently 5.5 percent, which is an increase from a rate of 5.0 percent a year ago. This compares favorably to the state's average unemployment rate of 5.7 percent and compares favorably to the national average rate of 8.2 percent.
- Residential growth continues to increase and broaden the demand for locally provided services such as schools, emergency service, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries.
- Departments and agencies were held to level funding related to operational expenditures except in those circumstances where increases in expenditures were unavoidable.

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

The fiscal year 2013 budget increased from \$51,372,170 to \$52,476,202 or \$1,104,032 (2%).

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Greene, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 358, Stanardsville, Virginia 22973.



## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2012

	Primary Government	Component Units	
	Governmental Activities	School Board	Greene County EDA
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 19,594,711	\$ 264,929	\$ 279,935
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Property taxes	11,033,179	-	-
Accounts receivable	195,494	171,539	6,495
Due from other governments	2,267,866	983,111	-
Due from primary government	-	1,470,431	-
Total current assets	\$ 33,091,250	\$ 2,890,010	\$ 286,430
Noncurrent assets:			
Land held for resale	\$ -	\$ -	\$ 160,771
Capital assets:			
Land	663,765	\$ 127,800	\$ -
Buildings and equipment, net of depreciation	15,701,411	9,004,114	-
Construction in progress	35,651,556	-	-
Total noncurrent assets	\$ 52,016,732	\$ 9,131,914	\$ 160,771
Total assets	\$ 85,107,982	\$ 12,021,924	\$ 447,201
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 406,741	\$ 172,669	\$ 1,492
Accrued liabilities	-	2,452,412	-
Due to component unit	1,470,431	-	-
Unearned revenue	10,085,761	-	-
Accrued interest payable	707,324	25,253	-
Current portion of long-term obligations	2,940,839	414,995	-
Total current liabilities	\$ 15,611,096	\$ 3,065,329	\$ 1,492
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	43,814,812	1,407,725	-
Total liabilities	\$ 59,425,908	\$ 4,473,054	\$ 1,492
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 11,734,104	\$ 8,292,888	\$ -
Unrestricted	13,947,970	(744,018)	445,709
Total net assets	\$ 25,682,074	\$ 7,548,870	\$ 445,709
Total liabilities and net assets	\$ 85,107,982	\$ 12,021,924	\$ 447,201

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

Statement of Activities  
For the Year Ended June 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	School Board	Greene County EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,569,601	\$ -	\$ 80,562	\$ -	\$ (2,489,039)	\$ -	\$ -
Judicial administration	796,212	117,959	393,382	-	(284,871)	-	-
Public safety	5,925,042	205,207	999,992	-	(4,719,843)	-	-
Public works	1,668,381	1,828,231	-	-	159,850	-	-
Health and welfare	3,283,874	-	1,897,343	-	(1,386,531)	-	-
Education	10,876,226	159,325	-	-	(10,716,901)	-	-
Parks, recreation, and cultural	655,517	69,114	-	40,000	(546,403)	-	-
Community development	1,896,573	1,511,343	520,957	-	135,727	-	-
Interest on long-term obligations	1,714,067	-	-	-	(1,714,067)	-	-
Total governmental activities	\$ 29,385,493	\$ 3,891,179	\$ 3,892,236	\$ 40,000	\$ (21,562,078)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 29,329,667	\$ 714,854	\$ 18,227,257	\$ -	\$ -	\$ (10,387,556)	\$ -
Greene County EDA	217,448	-	-	-	-	-	(217,448)
Total component units	\$ 29,547,115	\$ 714,854	\$ 18,227,257	\$ -	\$ -	\$ (10,387,556)	\$ (217,448)
General revenues:							
General property taxes					\$ 16,830,631	\$ -	\$ -
Local sales and use tax					1,556,748	-	-
Business license taxes					420,327	-	-
Consumer utility taxes					400,525	-	-
Motor vehicle licenses					374,640	-	-
Meals taxes					618,936	-	-
Taxes on recordation and wills					204,233	-	-
Other local taxes					224,403	-	-
Grants and contributions not restricted to specific programs					2,889,095	-	-
Unrestricted revenues from use of money and property					53,042	6,225	1,481
Miscellaneous					212,158	222,928	2,000
Payment from primary government					-	10,918,614	116,289
Total general revenues					\$ 23,784,738	\$ 11,147,767	\$ 119,770
Change in net assets					\$ 2,222,660	\$ 760,211	\$ (97,678)
Net assets - beginning					23,459,414	6,788,659	543,387
Net assets - ending					\$ 25,682,074	\$ 7,548,870	\$ 445,709

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

## **Fund Financial Statements**

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Balance Sheet - Governmental Funds  
June 30, 2012

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,197,446	\$ 1,916,448	\$ 480,817	\$ 19,594,711
Investments		-	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	11,033,179	-	-	11,033,179
Accounts receivable	195,494	-	-	195,494
Due from other governmental units	2,267,866	-	-	2,267,866
Total assets	<u>\$ 30,693,985</u>	<u>\$ 1,916,448</u>	<u>\$ 480,817</u>	<u>\$ 33,091,250</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 375,741	\$ -	\$ 31,000	\$ 406,741
Due to component unit	1,470,431	-	-	1,470,431
Deferred revenue	11,580,646	-	-	11,580,646
Total liabilities	<u>\$ 13,426,818</u>	<u>\$ -</u>	<u>\$ 31,000</u>	<u>\$ 13,457,818</u>
<b>FUND BALANCES</b>				
Committed:				
Debt service	\$ -	\$ 1,916,448	\$ -	\$ 1,916,448
Capital projects - school facilities upgrades	-	-	449,817	449,817
Unassigned	17,267,167	-	-	17,267,167
Total fund balances	<u>\$ 17,267,167</u>	<u>\$ 1,916,448</u>	<u>\$ 449,817</u>	<u>\$ 19,633,432</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

Total fund balances per above \$ 19,633,432

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

Land	\$ 663,765	
Buildings and improvements	14,808,844	
Equipment	892,567	
Construction in progress	35,651,556	52,016,732

Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due. (707,324)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance. 1,494,885

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

Capital leases	\$ (332,490)	
Landfill closure and postclosure liability	(445,149)	
Compensated absences	(472,291)	
General obligation bonds	(10,844,471)	
Premiums on bonds	(1,667,608)	
State literary fund loans	(8,950,000)	
Revenue bonds	(19,725,000)	
Deferred amount on refunding	1,072,967	
Notes payable	(435,293)	
Other postemployment benefits	(23,147)	
Water and sewer bonds (assumed from RSA)	(4,933,169)	(46,755,651)

Net assets of General Government Activities \$ 25,682,074

The accompanying notes to 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, 2012

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 16,271,874	\$ -	\$ -	\$ 16,271,874
Other local taxes	3,799,812	-	-	3,799,812
Permits, privilege fees and regulatory licenses	203,805	-	-	203,805
Fines and forfeitures	79,514	-	-	79,514
Revenue from use of money and property	44,248	3,969	4,825	53,042
Charges for services	2,207,860	1,400,000	-	3,607,860
Miscellaneous	212,160	-	-	212,160
Recovered costs	10,863	-	-	10,863
Intergovernmental revenue:				
Commonwealth	5,592,848	-	-	5,592,848
Federal	1,228,483	-	-	1,228,483
Total revenues	\$ 29,651,467	\$ 1,403,969	\$ 4,825	\$ 31,060,261
Expenditures:				
Current:				
General government administration	\$ 2,435,313	\$ -	\$ -	\$ 2,435,313
Judicial administration	719,545	-	-	719,545
Public safety	5,706,798	-	-	5,706,798
Public works	1,609,678	-	-	1,609,678
Health and welfare	3,288,402	-	-	3,288,402
Education	9,733,700	-	-	9,733,700
Parks, recreation, and cultural	561,145	-	-	561,145
Community development	1,886,835	-	-	1,886,835
Nondepartmental	28,499	-	-	28,499
Capital outlays and projects	213,252	-	3,682,042	3,895,294
Debt service:				
Principal retirement	2,168,091	1,044,571	-	3,212,662
Interest and other fiscal charges	553,459	1,262,180	-	1,815,639
Total expenditures	\$ 28,904,717	\$ 2,306,751	\$ 3,682,042	\$ 34,893,510
Excess (deficiency) of revenues over (under) expenditures	\$ 746,750	\$ (902,782)	\$ (3,677,217)	\$ (3,833,249)
Other financing sources (uses):				
Issuance of bonds payable	\$ -	\$ 8,110,000	\$ -	\$ 8,110,000
Premium on bonds payable	-	1,396,686	-	1,396,686
Issuance of capital leases	76,474	-	-	76,474
Payment to refunding bond agent	-	(9,429,608)	-	(9,429,608)
Transfers in	154,334	-	-	154,334
Transfers (out)	-	(154,334)	-	(154,334)
Total other financing sources (uses)	\$ 230,808	\$ (77,256)	\$ -	\$ 153,552
Change in fund balance	\$ 977,558	\$ (980,038)	\$ (3,677,217)	\$ (3,679,697)
Fund balance at beginning of year	16,289,609	2,896,486	4,127,034	23,313,129
Fund balance at end of year	\$ 17,267,167	\$ 1,916,448	\$ 449,817	\$ 19,633,432

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities - Governmental Funds  
For the Year Ended June 30, 2012

		<u>Primary Government Governmental Funds</u>
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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$	(3,679,697)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:

Capital outlay	\$ 4,188,954	
Depreciation expense	<u>(998,275)</u>	3,190,679
Transfer of joint tenancy assets from Primary Government to the Component Unit		(701,688)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.

558,757

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. A summary of items supporting this adjustment is as follows:

Principal retired on capital lease obligations	\$ 209,917	
Principal retired on general obligation bonds	1,010,328	
Principal retired on revenue bonds and premiums	9,097,475	
Principal retired on water and sewer bonds	470,448	
Principal retired on notes payable	81,135	
Principal retired on state literary fund loans	700,000	
Amortization of deferred amount on refunding	(76,641)	
Increase of landfill closure and postclosure liability	(10,433)	
Increase of other post-employment benefits liability	(3,957)	
Assumption of school capital lease by County	(179,931)	
Issuance of long-term obligations	<u>(8,433,552)</u>	2,864,789

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. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (33,800)	
Change in accrued interest payable	<u>23,620</u>	(10,180)
Change in net assets of governmental activities	\$	<u><u>2,222,660</u></u>

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

Statement of Fiduciary Net Assets  
June 30, 2012

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>35,963</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ <u>35,963</u>

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

## COUNTY OF GREENE, VIRGINIA

### Notes to Financial Statements As of June 30, 2012

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

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The County of Greene, Virginia was formed in 1702 and it is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Greene, 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.

#### Financial Statement Presentation

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

#### Government-wide and Fund Financial Statements

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

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

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component 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).

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

## COUNTY OF GREENE, VIRGINIA

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

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

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

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

#### A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for 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 Greene, Virginia (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.

#### B. Individual Component Unit Disclosures

##### *Blended Component Units:*

The County has no blended component units to be included for the fiscal year ended June 30, 2012.

##### *Discretely Presented Component Units:*

##### Greene County School Board

The Greene County School Board operates the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for a term of four years. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2012.

## COUNTY OF GREENE, VIRGINIA

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

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

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#### B. Individual Component Unit Disclosures (Continued)

*Discretely Presented Component Units:* (Continued)

Greene County Economic Development Authority:

The Greene County Economic Development Authority was formed by the Greene County Board of Supervisors who appoint all Board members of the Authority. The Authority provides a source of financing for industries locating their facilities in the County. The Board of Supervisors cannot impose its will on the Authority, but since there is a potential financial benefit or burden in the relationship, as evidenced by the contributions from the County to the Authority, the Board of Supervisors is financially accountable for the Authority. Accordingly, the Authority is considered a component unit of the County and is included as a discrete presentation in the County's financial report. Financial statements for the Authority can be obtained from their Administrative Offices in Stanardsville, Virginia.

#### C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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



## COUNTY OF GREENE, VIRGINIA

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

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

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

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

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

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 government reports the following major governmental funds:

##### A. General Fund

The Fund accounts for and reports all financial resources not 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.

##### B. School Capital Projects Fund

A fund that 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.

##### C. Debt Service Fund

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt services funds should also be used to report financial resources being accumulated for future debt service. Specifically, this fund includes VRA water and sewer bonds outstanding.



## COUNTY OF GREENE, VIRGINIA

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

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

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

##### 2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These 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.

##### 3. Component Unit:

The Greene County School Board reports the following funds:

##### Governmental Funds:

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 Greene, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

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.

#### E. Budgets and Budgetary Accounting

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

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

## COUNTY OF GREENE, VIRGINIA

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

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

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#### E. Budgets and Budgetary Accounting (Continued)

7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

For the fiscal year ended June 30, 2012, a budget was not legally adopted for the Debt Service Fund, the School Capital Projects Fund, and the School Cafeteria Fund and, therefore, expenditures exceed appropriations in these funds for the fiscal year.

#### F. Cash and Cash Equivalents

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

#### G. Investments

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

Investments for the government, as well as for its component unit, are reported at fair value.

#### H. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$156,527 at June 30, 2012 and is comprised solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable June 5th and December 5th. 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 and Component Unit - School Board as land, buildings, road registered vehicles, 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.

## COUNTY OF GREENE, VIRGINIA

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

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

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#### I. Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2012 was immaterial.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Police cars	3
Office and computer equipment	5
Buses	12

#### I. Compensated Absences

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

#### J. Long-term Obligations

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

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

## COUNTY OF GREENE, VIRGINIA

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

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

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#### K. 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.

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

#### L. Retirement Plan

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

## COUNTY OF GREENE, VIRGINIA

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

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

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#### M. 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.

#### 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.

### Note 2—Cash and Cash Equivalents:

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#### Deposits

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

#### Investments

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

#### Credit Risk of Debt Securities

The County does not have a policy regarding credit risk of debt securities. The County’s rated debt investments as of June 30, 2012 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rate Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAA
State Non-Arbitrage Pool (SNAP)	\$ 599,267
Total	\$ 599,267

## COUNTY OF GREENE, VIRGINIA

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

### Note 2—Cash and Cash Equivalents: (Continued)

#### Interest Rate Risk

The County does not have a policy regarding interest rate risk.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
State Non-Arbitrage Pool (SNAP)	\$ 599,267	\$ 599,267
Total	\$ 599,267	\$ 599,267

#### External Investment Pools

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

### Note 3—Due From Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales taxes	\$ 279,437	\$ 487,731
Communication tax	85,877	-
Public assistance	35,260	-
Comprehensive services	250,048	-
Personal property tax relief act (PPTRA)	1,352,596	-
Other state funding	135,258	-
Federal Government:		
School funds	-	495,380
Section 18 transportation	74,222	-
Public assistance	55,168	-
Total	\$ 2,267,866	\$ 983,111

**COUNTY OF GREENE, VIRGINIA**

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

**Note 4—Capital Assets:**

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>County</b>				
Capital assets not being depreciated:				
Land	\$ 663,765	\$ -	\$ -	\$ 663,765
Construction in Progress:				
County	27,681,862	292,693	399,251	27,575,304
Jointly owned assets	<u>4,394,210</u>	<u>3,682,042</u>	<u>-</u>	<u>8,076,252</u>
Total capital assets not being depreciated	<u>\$ 32,739,837</u>	<u>\$ 3,974,735</u>	<u>\$ 399,251</u>	<u>\$ 36,315,321</u>
Other capital assets being depreciated:				
Buildings and improvements	\$ 20,892,885	\$ 275,577	\$ 1,009,483	\$ 20,158,979
Equipment	<u>4,427,212</u>	<u>337,893</u>	<u>49,813</u>	<u>4,715,292</u>
Total other capital assets being depreciated	<u>\$ 25,320,097</u>	<u>\$ 613,470</u>	<u>\$ 1,059,296</u>	<u>\$ 24,874,271</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 5,133,788	\$ 524,142	\$ 307,795	\$ 5,350,135
Equipment	<u>3,398,405</u>	<u>474,133</u>	<u>49,813</u>	<u>3,822,725</u>
Total accumulated depreciation	<u>\$ 8,532,193</u>	<u>\$ 998,275</u>	<u>\$ 357,608</u>	<u>\$ 9,172,860</u>
Other capital assets, net	<u>\$ 16,787,904</u>	<u>\$ (384,805)</u>	<u>\$ 701,688</u>	<u>\$ 15,701,411</u>
Net capital assets	<u>\$ 49,527,741</u>	<u>\$ 3,589,930</u>	<u>\$ 1,100,939</u>	<u>\$ 52,016,732</u>

# COUNTY OF GREENE, VIRGINIA

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

## Note 4—Capital Assets: (Continued)

The following is a summary of changes in component unit school board capital assets for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Component Unit - School Board</b>				
Capital assets not being depreciated:				
Land	\$ 127,800	\$ -	\$ -	\$ 127,800
Total capital assets not being depreciated	\$ 127,800	\$ -	\$ -	\$ 127,800
Other capital assets being depreciated:				
Buildings and improvements	\$ 17,616,801	\$ 1,021,483	\$ -	\$ 18,638,284
Equipment	2,878,496	810,622	-	3,689,118
Total other capital assets being depreciated	\$ 20,495,297	\$ 1,832,105	\$ -	\$ 22,327,402
Less accumulated depreciation:				
Buildings and improvements	\$ 10,135,740	\$ 1,037,434	\$ 260,907	\$ 10,912,267
Equipment	2,245,417	165,604	-	2,411,021
Total accumulated depreciation	\$ 12,381,157	\$ 1,203,038	\$ 260,907	\$ 13,323,288
Other capital assets, net	\$ 8,114,140	\$ 629,067	\$ (260,907)	\$ 9,004,114
Net capital assets	\$ 8,241,940	\$ 629,067	\$ (260,907)	\$ 9,131,914

Depreciation expense was charged to functions/programs of the primary government and component unit - school board as follows:

### Governmental activities:

General government administration	\$ 122,851
Judicial administration	76,667
Public safety	269,616
Public works	74,051
Health and welfare	3,750
Education	260,907
Parks, recreation and cultural	74,844
Community development	115,589
Total governmental activities	\$ 998,275
Component Unit School Board (1)	\$ 634,336

(1) Depreciation expense is reported net of the transfer of annual depreciation of jointly owned assets from the County.



COUNTY OF GREENE, VIRGINIA

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

**Note 5—Long-Term Obligations:**

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

Year Ending June 30,	General Obligation Refunding Bonds		Revenue Bonds VRA Sewer Bond		State Literary Fund Loans		General Obligation Transportation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 79,900	\$ 20,026	\$ 765,000	\$ 921,595	\$ 700,000	\$ 268,500	\$ 85,000	\$ 24,310
2014	82,600	17,223	800,000	886,312	700,000	247,500	85,000	19,933
2015	85,500	14,323	835,000	850,345	700,000	226,500	85,000	15,512
2016	88,400	11,323	870,000	813,352	700,000	205,500	85,000	11,092
2017	91,500	8,220	915,000	774,487	700,000	184,500	85,000	6,662
2018	94,600	5,010	950,000	731,759	700,000	163,500	85,000	2,221
2019	97,900	1,686	1,000,000	688,600	700,000	142,500	-	-
2020	-	-	1,040,000	644,728	450,000	121,500	-	-
2021	-	-	1,085,000	596,335	450,000	98,000	-	-
2022	-	-	1,140,000	542,671	450,000	94,500	-	-
2023	-	-	1,195,000	483,432	450,000	81,000	-	-
2024	-	-	1,260,000	421,134	450,000	67,500	-	-
2025	-	-	1,330,000	355,407	450,000	54,000	-	-
2026	-	-	1,400,000	286,134	450,000	40,500	-	-
2027	-	-	410,000	240,454	450,000	27,000	-	-
2028	-	-	435,000	219,206	450,000	13,500	-	-
2029	-	-	455,000	197,111	-	-	-	-
2030	-	-	475,000	174,624	-	-	-	-
2031	-	-	500,000	151,046	-	-	-	-
2032	-	-	520,000	126,343	-	-	-	-
2033	-	-	550,000	100,395	-	-	-	-
2034	-	-	570,000	73,235	-	-	-	-
2035	-	-	600,000	44,863	-	-	-	-
2036	-	-	625,000	15,156	-	-	-	-
Totals	\$ <u>620,400</u>	\$ <u>77,811</u>	\$ <u>19,725,000</u>	\$ <u>10,338,725</u>	\$ <u>8,950,000</u>	\$ <u>2,036,000</u>	\$ <u>510,000</u>	\$ <u>79,730</u>

COUNTY OF GREENE, VIRGINIA

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

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Capital Leases Obligations		General Obligation School Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 178,429	\$ 5,392	\$ 603,680	\$ 459,326
2014	105,760	2,127	613,421	438,630
2015	23,728	1,312	623,395	416,449
2016	24,573	468	633,611	392,625
2017	-	-	502,770	371,299
2018	-	-	510,304	353,802
2019	-	-	362,949	343,961
2020	-	-	375,710	333,625
2021	-	-	383,592	322,790
2022	-	-	396,600	311,449
2023	-	-	409,740	299,471
2024	-	-	423,016	286,853
2025	-	-	395,283	274,950
2026	-	-	360,000	266,241
2027	-	-	370,000	257,736
2028	-	-	225,000	117,669
2029	-	-	235,000	108,354
2030	-	-	245,000	98,481
2031	-	-	255,000	87,884
2032	-	-	265,000	76,704
2033	-	-	275,000	64,750
2034	-	-	290,000	51,896
2035	-	-	305,000	38,169
2036	-	-	320,000	23,560
2037	-	-	335,000	8,040
Totals	\$ <u>332,490</u>	\$ <u>9,299</u>	\$ <u>9,714,071</u>	\$ <u>5,804,713</u>

COUNTY OF GREENE, VIRGINIA

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

**Note 5—Long-Term Obligations: (Continued)**

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

Year Ending June 30,	Notes Payable		Water & Sewer Bonds (Assumed from RSA)	
	Principal	Interest	Principal	Interest
2013	\$ 83,985	\$ 16,853	\$ 316,904	\$ 215,327
2014	87,421	13,417	325,737	204,455
2015	90,997	9,841	339,736	192,116
2016	94,720	6,118	358,652	176,356
2017	78,170	2,344	336,068	159,899
2018	-	-	387,901	142,328
2019	-	-	369,983	123,535
2020	-	-	268,316	107,862
2021	-	-	276,648	94,723
2022	-	-	289,981	82,313
2023	-	-	303,313	70,330
2024	-	-	316,646	56,449
2025	-	-	331,645	40,828
2026	-	-	341,639	24,506
2027	-	-	120,000	13,606
2028	-	-	125,000	8,274
2029	-	-	125,000	2,759
Total	\$ <u>435,293</u>	\$ <u>48,573</u>	\$ <u>4,933,169</u>	\$ <u>1,715,666</u>

COUNTY OF GREENE, VIRGINIA

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

Note 5—Long-Term Obligations: (Continued)

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2012:

	Balance at July 1, 2011	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2012	Due Within One Year
General Long-Term Obligations					
Capital leases	\$ 465,933	\$ 76,474	\$ 209,917	\$ 332,490	\$ 178,429
Landfill closure and postclosure liability	434,716	10,433	-	445,149	-
Compensated absences	438,491	33,800	-	472,291	47,229
General obligation bonds	11,854,799		1,010,328	10,844,471	768,580
Premiums on bonds	353,397	1,396,686	82,475	1,667,608	157,353
State literary fund loans	9,650,000	-	700,000	8,950,000	700,000
Revenue bonds	20,630,000	8,110,000	9,015,000	19,725,000	765,000
Deferred amount on refunding	-	(1,149,608)	(76,641)	(1,072,967)	(76,641)
Notes payable	516,428	-	81,135	435,293	83,985
Other postemployment benefits	19,190	4,457	500	23,147	-
Water & Sewer bonds (assumed from RSA)	5,403,617	-	470,448	4,933,169	316,904
Total	\$ 49,766,571	\$ 8,482,242	\$ 11,493,162	\$ 46,755,651	\$ 2,940,839

Details of Long-term Obligations:

	Amount Outstanding	Amount Due Within One Year
General obligation bonds:		
\$1,700,000 Transportation Bond Series 1997 issued November 20, 1997 payable in annual principal installments of \$85,000 interest at 5.15%	\$ 510,000	\$ 85,000

**COUNTY OF GREENE, VIRGINIA**

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

**Note 5—Long-Term Obligations: (Continued)**Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General obligation bonds: (continued)		
\$1,170,500 Greene County Industrial Development Authority Refunding Bond, Series 2002 issued July 30, 2003, maturing annually in amounts ranging from \$100,232 to \$99,589, from October 15, 2004 through October 15, 2018, interest payable semi-annually at 3.45%	\$ 620,400	\$ 79,900
\$5,120,000 School Bonds series 2011A issued May 5, 2011 maturing in various annual installments through January 2037 interest payable semi-annually at rates from 2.05% to 5.05%	5,120,000	115,000
Premium on 2011A VPSA bonds	166,377	6,932
\$811,329 Lease Revenue Bonds issued December 20, 2010 maturing in monthly installments of \$6,798 through December 2024, interest at 4.30%	787,774	48,659
\$2,470,000 QSCB Bonds series 2010 issued July 8, 2010 maturing in annual installments of \$286,157 through June 2027, interest at 5.31%	2,320,000	150,000
\$2,427,547 School Bonds, Series 1995A, issued December 21, 1995, maturing in various annual installments through July 15, 2015, interest rate at 5.23%	556,297	135,021
\$3,170,000 bonds issued May 1, 1997 maturing in various annual installments through January 15, 2018, interest at 5.61%	930,000	155,000
Total General Obligation Bonds	<u>\$ 11,010,848</u>	<u>\$ 775,512</u>

# COUNTY OF GREENE, VIRGINIA

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

## Note 5—Long-Term Obligations: (Continued)

### Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds:		
\$13,500,000 VRA Sewer System Revenue Bond, Series 2004, issued June 30, 2004, maturing annually from October 1, 2006 through October 1, 2025, interest payable semi-annually at 4.5%	\$ 2,350,000	\$ 550,000
Premium on Series 2004 VRA Bond	41,260	2,872
\$8,110,000, VRA Sewer System Revenue Bond, Series 2011B, issued November 16, 2011, maturing annually from April 1, 2012 through April 1, 2026, interest payable semi-annually at 2.92%	8,110,000	-
Deferred amount on refunding	(1,072,967)	(76,641)
Premium on Series 2011B VRA Bond	1,333,104	138,723
\$2,556,000 VRA Sewer System Revenue Bond, Series 2005B, issued December 7, 2005, maturing in amounts ranging from \$163,961 - \$161,469 annually from October 1, 2006 through October 1, 2035, interest payable semi-annually at 4.4%	2,273,000	53,000
\$7,864,000 VRA Water System Revenue Bond, Series 2005B, issued December 7, 2005, maturing in amounts ranging from \$507,486 - \$493,844 annually from October 1, 2006 through October 1, 2035, interest payable semi-annually at 4.4%	6,992,000	162,000
Premium on 2005B VRA revenue bonds	<u>126,867</u>	<u>8,826</u>
Total Revenue Bonds	\$ <u>20,153,264</u>	\$ <u>838,780</u>
State Literary Fund loans:		
\$9,000,000 issued July 15, 2007 due in principal annual installments of \$450,000 through July 2027, interest at 3.00%	\$ 7,200,000	\$ 450,000
\$5,000,000 issued July 1, 1997 due in principal annual installments of \$250,000 through July 2018, interest at 3.00%	<u>1,750,000</u>	<u>250,000</u>
Total State Literary Fund loans	\$ <u>8,950,000</u>	\$ <u>700,000</u>

COUNTY OF GREENE, VIRGINIA

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

**Note 5—Long-Term Obligations: (Continued)**

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Water & Sewer Bonds (assumed from RSA):		
\$3,600,000 2008A refunding revenue bonds, payable to VRA in variable semi-annual installments, interest at 2.947% to 4.712% through 2019. Greene County assumed \$1,080,000 of this debt.	\$ 711,000	\$ 99,000
\$1,780,000 2009 revenue bonds, payable to VRA in monthly installments of \$13,193, interest at 3.75% to 5.00% through 2029. Greene County assumed all of this debt.	1,585,000	65,000
\$2,736,393 2009A revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.10% to 5.23% through 2026. Greene County assumed \$3,232,682 of this obligation.	2,466,419	131,654
\$6,555,000 2002 revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.90% to 5.50% through 2019. Greene County assumed \$280,750 of this obligation.	<u>170,750</u>	<u>21,250</u>
Total Water & Sewer Bonds (assumed from RSA)	<u>\$ 4,933,169</u>	<u>\$ 316,904</u>
Notes payable:		
\$218,207 note payable issued July 24, 2006, total payments of \$13,636 due semi-annually through July 24, 2016, interest at 4.45%	\$ 106,480	\$ 23,174
\$600,000 note payable issued April 5, 2007, total payments of \$36,783 due semi-annually through April 5, 2017, interest at 4.05%	<u>328,813</u>	<u>60,811</u>
Total Notes Payable	<u>\$ 435,293</u>	<u>\$ 83,985</u>

COUNTY OF GREENE, VIRGINIA

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

**Note 5—Long-Term Obligations: (Continued)**

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Capital leases:		
\$28,462 Capital lease obligation dated November 16, 2011 for the lease/purchase of 2 Sheriff vehicles, payable in full on July 15, 2012, interest at 2%. The cost of the 2 vehicles is \$28,462 and accumulated depreciation amounted to \$9,487 at June 30, 2012.	\$ 28,462	\$ 28,462
\$48,012 Capital lease obligation dated September 20, 2011 for the lease/purchase of 2 Sheriff vehicles, payable in full on July 15, 2012, interest at 2%. The cost of the 2 vehicles is \$47,924 and accumulated depreciation amounted to \$15,975 at June 30, 2012.	48,012	48,012
\$288,725 Capital lease obligation dated July 31, 2008 for acquisition of 4 school buses, payable in annual installments of \$64,801 through July 15, 2013, interest at 3.97%. The cost of the 4 buses is \$288,725 and accumulated depreciation amounted to \$96,242 at June 30, 2012.	122,273	59,947
\$114,707 Capital lease obligation for the lease/purchase of loader, payable in monthly installments of \$2,087 through June 28, 2016, interest at 3.50%. The cost of the loader is \$114,707 and accumulated depreciation amounted to \$45,883 at June 30, 2012.	93,341	22,126
\$59,640 Capital lease obligation for the lease/purchase of two Sheriff vehicles, payable in annual installments of \$21,179 through September 20, 2013, interest at 3.21%. The cost of the 2 vehicles is \$57,282 and accumulated depreciation amounted to \$38,188 at June 30, 2012.	<u>40,402</u>	<u>19,882</u>
Total Capital Leases	\$ <u>332,490</u>	\$ <u>178,429</u>
Landfill closure and postclosure liability	\$ <u>445,149</u>	\$ <u>-</u>
Other postemployment benefits	\$ <u>23,147</u>	\$ <u>-</u>
Compensated absences	\$ <u>472,291</u>	\$ <u>47,229</u>
Grand total general government long-term obligations	<u>\$ 46,755,651</u>	<u>\$ 2,940,839</u>



COUNTY OF GREENE, VIRGINIA

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

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board:

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

Year Ending June 30,	Capital Leases		Early Retirement Obligations	
	Principal	Interest	Principal	Interest
2013	\$ 323,099	\$ 19,298	\$ 47,332	\$ 7,008
2014	254,915	12,773	40,263	3,636
2015	260,013	5,200	-	-
Totals	\$ 838,026	\$ 37,271	\$ 87,595	\$ 10,644

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2012:

	Balance at July 1, 2011	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2012	Due Within One Year
Capital Leases	\$ 136,050	\$ 768,605	\$ 66,629	\$ 838,026	\$ 323,099
Compensated absences	518,355	-	72,707	445,648	44,565
Other postemployment benefits	670,430	226,506	445,485	451,451	-
Early retirement obligations	126,589	-	38,994	87,595	47,332
Total long-term obligations	\$ 1,451,424	\$ 995,111	\$ 623,815	\$ 1,822,720	\$ 414,995

**COUNTY OF GREENE, VIRGINIA**

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

**Note 5—Long-Term Obligations: (Continued)**Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$200,000 Capital lease obligation dated July 15, 2009 for acquisition of 2 school buses and athletic equipment, payable in annual installments of \$72,330 through July 15, 2012, interest at 4.19%. The cost of the 2 buses is \$154,100 and accumulated depreciation amounted to \$38,525 at June 30, 2012. The equipment was not capitalized.	\$ 69,421	\$ 69,421
\$389,200 Capital lease obligation dated November 16, 2011 for acquisition of 5 school buses, payable in annual installments of \$134,090 through July 15, 2014, interest at 2%. The cost of the 5 buses is \$384,295 and accumulated depreciation amounted to \$32,054 at June 30, 2012.	389,200	128,857
\$379,405 Capital lease obligation dated September 20, 2011 for acquisition of 5 school buses, payable in annual installments of \$131,123 through July 15, 2014, interest at 2%. The cost of the 5 buses is \$378,570 and accumulated depreciation amounted to \$31,547 at June 30, 2012.	\$ 379,405	\$ 124,821
Total capital leases	\$ 838,026	\$ 323,099
Accrued compensated absences	\$ 445,648	\$ 44,565
Other postemployment benefits	\$ 451,451	\$ -
Early Retirement Obligation Payable:		
The School Board adopted the early retirement incentive program offered by the Virginia Retirement System in fiscal year ended June 30, 1992	\$ 87,595	\$ 47,332
Total Long-Term Obligations Component-Unit School Board	\$ 1,822,720	\$ 414,996

## COUNTY OF GREENE, VIRGINIA

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

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### Note 6—Commitments and Contingencies:

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Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, future disallowances of current grant program expenditures, if any, would be immaterial.

### Note 7—Risk Management:

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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 carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### Note 8—Litigation:

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At June 30, 2012, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

### Note 9—Surety Bonds:

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Marie C. Durrer, Clerk of the Circuit Court	\$ 25,000
Stephanie A. Deal, Treasurer	400,000
Larry V. Snow, Commissioner of the Revenue	3,000
Steve Smith, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
American and Foreign Insurance Company - Surety	
All School Board Employees	5,000
The Continental Insurance Company	
James Howard, Director of Social Services	100,000
Western Surety Company - Surety	
Buggs Peyton, Chairman	5,000
Davis Lamb - Vice-Chairman	5,000
David Cox	5,000
Eddie Deane	5,000
Jim Frydl	5,000
Barry Clark, County Administrator	10,000

## COUNTY OF GREENE, VIRGINIA

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

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### Note 10—Defined Benefit Pension Plan:

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#### A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 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.

## COUNTY OF GREENE, VIRGINIA

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

### Note 10—Defined Benefit Pension Plan: (Continued)

#### A. Plan Description

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 most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's non-professional employee contribution rates for the fiscal year ended 2012 were 8.24% and 7.51% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$957,961, \$586,770 and \$1,713,408 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011 and 2010, respectively. The contribution rate was 8.81% from July 2009 through March 2010, zero (0.00%) for April through June 2010, 3.93% in 2011 and 6.33% in 2012.

#### C. Annual Pension Cost

For fiscal year 2012, the County's annual pension cost of \$379,987 was equal to the County's required and actual contributions.

Three-Year Trend Information for County - Primary Government			
Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 384,107	100%	\$ -
June 30, 2011	365,916	100%	-
June 30, 2012	379,987	100%	-

(1) Employer contribution only

## COUNTY OF GREENE, VIRGINIA

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

### Note 10—Defined Benefit Pension Plan: (Continued)

#### C. Annual Pension Cost (Continued)

For fiscal year 2012, the County and School Board's annual pension cost for the School Board's non-professional employees was \$126,647, which was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board (Non-professional)			
Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 130,078	100%	\$ -
June 30, 2011	126,982	100%	-
June 30, 2012	126,647	100%	-

(1) Employer contribution only

The FY2012 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 the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 was 20 years.

#### D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 85.02% funded. The actuarial accrued liability for benefits was \$14,454,082, and the actuarial value of assets was \$12,288,812, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,165,270. The covered payroll (annual payroll of active employees covered by the plan) was \$4,360,644, and the ratio of the UAAL to the covered payroll was 49.65%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board Non-professional's plan was 83.08% funded. The actuarial accrued liability for benefits was \$6,984,796, and the actuarial value of assets was \$5,803,049, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,181,747. The covered payroll (annual payroll of active employees covered by the plan) was \$1,683,034, and ratio of the UAAL to the covered payroll was 70.22%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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 (AAL) for benefits.

## COUNTY OF GREENE, VIRGINIA

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

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### Note 11—Interfund Balances and Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
County:		
General fund	\$ 154,334	\$ -
Debt Service fund	-	154,334
	<u>          </u>	<u>          </u>
Total County	\$ <u>154,334</u>	\$ <u>154,334</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 585,425
School Cafeteria Fund	585,425	-
	<u>          </u>	<u>          </u>
Total Component Unit School Board	\$ <u>585,425</u>	\$ <u>585,425</u>

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

### Note 12—Deferred/Unearned Revenue:

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Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$11,580,646 is comprised of the following:

#### A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$10,770,094 at June 30, 2012.

#### B. Prepaid taxes

Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled \$810,552 as of June 30, 2012.

## COUNTY OF GREENE, VIRGINIA

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

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### Note 13—Due to/From Primary Government/Component Units:

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<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Primary Government - General Fund	\$ -	\$ 1,470,431
Component Unit - School Board	<u>1,470,431</u>	<u>-</u>
Total	<u>\$ 1,470,431</u>	<u>\$ 1,470,431</u>

The purpose of the obligation between the County and School Board is to report the balance of local appropriations unspent at year-end due back to the respective funds.

### Note 14—Landfill Closure and Postclosure Care Costs:

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The County operates a solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The \$445,149 reported as landfill closure and post closure liability at June 30, 2012, represents \$405,149 for closure and post closure care liability and \$40,000 for underground tank coverage. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County will also demonstrate financial assurance of an additional one million dollars as a result of the statistically significant exceedance of groundwater Protection Standards. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

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

### Note 15—Other Postemployment Benefits Program—Health Insurance:

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#### County:

#### Background

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



## COUNTY OF GREENE, VIRGINIA

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

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### Note 15—Other Postemployment Benefits Program—Health Insurance: (Continued)

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#### County: (Continued)

##### A. Plan Description

In addition to the pension benefits described in Note 10, the County provides postretirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the County with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the County, may elect to remain on the County's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

##### B. Funding Policy

Eligible retirees from the County may elect to remain on the County's health and dental insurance plans, at their expense, until they reach age 65 or become eligible for Medicare. Retirees' spouses may also remain on the County Plan at the retiree's expense.

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

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on 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 of not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the County's amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$	6,000
Interest on net OPEB obligation		719
Adjustment to annual required contribution		(2,262)
Annual OPEB cost (expense)	\$	<u>4,457</u>
Contributions made		(500)
Increase in net OPEB obligation	\$	<u>3,957</u>
Net OPEB obligation - beginning of year		19,190
Net OPEB obligation - end of year	\$	<u><u>23,147</u></u>

**COUNTY OF GREENE, VIRGINIA**

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

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**Note 15—Other Postemployment Benefits Program—Health Insurance: (Continued)**

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

For 2012, the County's expected cash payment of \$500 was \$3,957 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

<b>Fiscal Year Ended</b>		<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2010	\$	6,395	0%	\$ 12,795
June 30, 2011		6,395	0%	19,190
June 30, 2012		4,457	11.22%	23,147

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$	42,500
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		42,500
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		4,425,800
UAAL as a percentage of covered payroll		0.96%

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 liabilities for benefits.

Note 15—Other Postemployment Benefits Program—Health Insurance: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions

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

In the June 30, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00 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 5.50 percent after 5 years. Both rates included a 3.00 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 June 30, 2011 was 30 years.

F. Cost Method

The projected unit credit 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 nor 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.

G. Interest Assumptions

	Unfunded
Discount rate	4.00%
Health cost trend assumption	6.30% graded to 4.70% over 70 years
Payroll growth	None assumed

## COUNTY OF GREENE, VIRGINIA

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

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### Note 15—Other Postemployment Benefits Program—Health Insurance: (Continued)

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#### School Board:

##### A. Plan Description

In addition to the pension benefits described in Note 10, the School Board provides postretirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the School Board, may elect to remain on the School Board's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

##### B. Funding Policy

Eligible retirees from the School Board may elect to remain on the School Board's health insurance plan, at their expense, indefinitely. Retirees' spouses and other dependents may also remain on the plan at the retiree's expense.

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

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), 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 following table show the components of the annual OPEB cost for the year, the School Board's amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$	234,500
Interest on net OPEB obligation		17,934
Adjustment to annual required contribution		(25,928)
Annual OPEB cost (expense)	\$	226,506
Contributions made		(445,485)
Increase in net OPEB obligation	\$	(218,979)
Net OPEB obligation - beginning of year		670,430
Net OPEB obligation - end of year	\$	451,451

## COUNTY OF GREENE, VIRGINIA

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

### Note 15—Other Postemployment Benefits Program—Health Insurance: (Continued)

#### School Board: (Continued)

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

For 2012, the School Board's expected cash payment of \$445,485 was \$226,506 more than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 223,415	0%	\$ 447,015
June 30, 2011	223,415	0%	670,430
June 30, 2012	226,506	196.68%	451,451

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

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 2,225,900
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	2,225,900
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	17,014,800
UAAL as a percentage of covered payroll	13.08%

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 liabilities for benefits.

##### 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 then 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.

**Note 15—Other Postemployment Benefits Program—Health Insurance: (Continued)**

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**School Board: (Continued)**

**E. Actuarial Methods and Assumptions (Continued)**

In the June 30, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00 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 5.5 percent after 5 years. Both rates included 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was 30 years.

**F. Cost Method**

The projected unit credit 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.

**G. Interest Assumptions**

	<u>Unfunded</u>
Discount rate	4.00%
Health cost trend assumption	6.30% graded to 4.70% over 70 years
Payroll growth	None assumed

## COUNTY OF GREENE, VIRGINIA

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

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### **Note 16—Other Postemployment Benefits Program (OPEB) Health Insurance Credit Program:**

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#### **County:**

#### **Plan Description**

The County participates 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 the County, 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.

Localities may elect to provide an additional health insurance credit of \$1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of \$30. The enhanced credit is available for constitutional officers and their employees, local social services employees, and general registrars and their employees. Whereas the \$1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 10.

#### **Funding Policy**

As a participating local political subdivision, the County is 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's contribution rate for the fiscal year ended 2012 was .12% of annual covered payroll.

#### **Annual OPEB Cost and Net OPEB Obligation**

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The County is 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.

## COUNTY OF GREENE, VIRGINIA

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

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### Note 16—Other Postemployment Benefits Program (OPEB) Health Insurance Credit Program: (Continued)

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#### County: (Continued)

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

For 2012, the County's contribution of \$5,534 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 5,534	100%	-

#### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 90,274
Actuarial value of plan assets	71,311
Unfunded actuarial accrued liability	18,964
Funded ratio (actuarial value of plan assets/AAL)	78.99%
Covered payroll (active plan members)	1,813,647
UAAL as a percentage of covered payroll	1.05%

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.



## COUNTY OF GREENE, VIRGINIA

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

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### **Note 16—Other Postemployment Benefits Program (OPEB) Health Insurance Credit Program: (Continued)**

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#### **County: (Continued)**

#### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used 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% 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, 2011 was 30 years.

#### **School Board:**

#### **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 contributions to VRS for the year ended June 30, 2012 was \$90,802 and equaled the required contribution for the year.

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### **Required Supplementary Information**

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Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2012

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 15,819,007	\$ 15,819,007	\$ 16,271,874	\$ 452,867
Other local taxes	3,720,000	3,720,000	3,799,812	79,812
Permits, privilege fees and regulatory licenses	249,100	249,100	203,805	(45,295)
Fines and forfeitures	166,000	166,000	79,514	(86,486)
Revenue from use of money and property	43,136	43,136	44,248	1,112
Charges for services	3,886,320	3,887,500	2,207,860	(1,679,640)
Miscellaneous	162,454	202,323	212,160	9,837
Recovered costs	4,671	4,671	10,863	6,192
Intergovernmental revenue:				
Commonwealth	5,933,375	6,078,690	5,592,848	(485,842)
Federal	1,206,605	1,309,309	1,228,483	(80,826)
Total revenues	\$ 31,190,668	\$ 31,479,736	\$ 29,651,467	\$ (1,828,269)
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 103,190	\$ 121,510	\$ 117,608	\$ 3,902
General and financial administration:				
County administrator	\$ 472,312	\$ 472,312	\$ 453,609	\$ 18,703
Legal services	43,688	43,688	43,277	411
Independent auditor	42,000	80,500	42,000	38,500
Commissioner of the Revenue	203,565	207,201	204,326	2,875
Reassessment	147,638	166,229	155,389	10,840
Treasurer	258,347	259,527	224,905	34,622
Computer technology	119,734	119,734	41,103	78,631
Vehicle maintenance facility	1,086,917	1,086,917	1,019,442	67,475
Total general and financial administration	\$ 2,374,201	\$ 2,436,108	\$ 2,184,051	\$ 252,057
Board of Elections:				
Electoral board and officials	\$ 158,789	\$ 158,789	\$ 133,654	\$ 25,135
Total general government administration	\$ 2,636,180	\$ 2,716,407	\$ 2,435,313	\$ 281,094

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2012 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 24,988	\$ 32,728	\$ 28,278	\$ 4,450
Combined Courts	11,755	13,265	9,530	3,735
Special magistrates	500	796	796	-
Juvenile and domestic relations district court	14,049	17,889	14,249	3,640
Clerk of the circuit court	402,497	402,497	345,383	57,114
Victim and witness assistance	43,701	44,150	42,295	1,855
Total courts	\$ 497,490	\$ 511,325	\$ 440,531	\$ 70,794
Commonwealth's attorney:				
Commonwealth's attorney	\$ 237,694	\$ 302,930	\$ 279,014	\$ 23,916
Total judicial administration	\$ 735,184	\$ 814,255	\$ 719,545	\$ 94,710
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,388,709	\$ 2,412,560	\$ 2,327,507	\$ 85,053
Technology grant	-	4,411	1,937	2,474
DMV overtime grant	-	18,732	13,272	5,460
School resource officer	120,906	120,906	112,722	8,184
Byrne grant	-	331	143	188
Forfeited property	-	27,859	5,676	22,183
Donations	-	11,652	5,063	6,589
COPS secure our schools	-	44,375	-	44,375
Information technology grant	-	22,208	22,208	-
Emergency 911 system	598,376	598,451	559,243	39,208
Grant expenditures	-	18,551	18,551	-
Total law enforcement and traffic control	\$ 3,107,991	\$ 3,280,036	\$ 3,066,322	\$ 213,714
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 570,000	\$ 621,511	\$ 594,010	\$ 27,501
Other fire and rescue	508,397	664,936	634,935	30,001
Total fire and rescue services	\$ 1,078,397	\$ 1,286,447	\$ 1,228,945	\$ 57,502
Correction and detention:				
Confinement of prisoners	\$ 2,238	\$ 2,238	\$ 1,789	\$ 449
Payment to regional jail	647,583	647,583	635,186	12,397
Juvenile detention homes	49,144	168,318	168,317	1
Total correction and detention	\$ 698,965	\$ 818,139	\$ 805,292	\$ 12,847

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2012 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Public Safety: (continued)				
Inspections:				
Building	\$ 351,474	\$ 351,474	\$ 323,621	\$ 27,853
Other protection:				
Animal shelter	\$ 84,992	\$ 87,689	\$ 78,330	\$ 9,359
Civil defense	101,891	101,891	98,578	3,313
Animal control	141,586	141,586	105,610	35,976
Medical examiner	300	300	100	200
Total other protection	\$ 328,769	\$ 331,466	\$ 282,618	\$ 48,848
Total public safety	\$ 5,565,596	\$ 6,067,562	\$ 5,706,798	\$ 360,764
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 2,314,709	\$ 2,316,149	\$ 1,114,431	\$ 1,201,718
Maintenance of general buildings and grounds:				
General properties	\$ 393,636	\$ 514,500	\$ 495,247	\$ 19,253
Total public works	\$ 2,708,345	\$ 2,830,649	\$ 1,609,678	\$ 1,220,971
Health and welfare:				
Health:				
Local health department	\$ 246,184	\$ 246,408	\$ 246,407	\$ 1
Mental health and mental retardation:				
Chapter X board	\$ 77,278	\$ 77,278	\$ 77,067	\$ 211
Welfare:				
Welfare administration and public assistance	\$ 1,627,878	\$ 1,627,878	\$ 1,392,585	\$ 235,293
Comprehensive services act	1,625,000	1,625,000	1,486,927	138,073
Area agency on aging	83,243	83,243	81,916	1,327
Piedmont regional dental clinic	2,500	2,500	2,500	-
Shelter for help in emergency	1,000	1,000	1,000	-
Total welfare	\$ 3,339,621	\$ 3,339,621	\$ 2,964,928	\$ 374,693
Total health and welfare	\$ 3,663,083	\$ 3,663,307	\$ 3,288,402	\$ 374,905

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2012 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Education:				
Contributions to community colleges	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Contribution to Component Unit - School Board	9,810,910	9,810,910	9,729,200	81,710
Total education	\$ 9,815,410	\$ 9,815,410	\$ 9,733,700	\$ 81,710
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 222,154	\$ 229,197	\$ 211,665	\$ 17,532
Park stream restoration	-	30,000	29,915	85
Total parks and recreation	\$ 222,154	\$ 259,197	\$ 241,580	\$ 17,617
Library:				
Regional library	\$ 321,705	\$ 321,705	\$ 319,565	\$ 2,140
Total parks, recreation, and cultural	\$ 543,859	\$ 580,902	\$ 561,145	\$ 19,757
Community development:				
Planning and community development:				
Planning	\$ 324,868	\$ 324,868	\$ 304,199	\$ 20,669
Community development	1,331,253	1,331,253	1,323,369	7,884
Zoning board	9,680	9,680	2,740	6,940
Economic development	198,997	202,864	202,348	516
Total planning and community development	\$ 1,864,798	\$ 1,868,665	\$ 1,832,656	\$ 36,009
Environmental management:				
Soil and water conservation district	\$ 13,034	\$ 13,034	\$ 13,034	\$ -
Cooperative extension program:				
VPI extension program	\$ 53,377	\$ 53,377	\$ 41,145	\$ 12,232
Total community development	\$ 1,931,209	\$ 1,935,076	\$ 1,886,835	\$ 48,241
Nondepartmental:				
Miscellaneous	\$ 173,000	\$ 106,038	\$ 28,499	\$ 77,539
Capital projects:				
Recreation facilities	\$ 76,000	\$ 95,518	\$ 13,552	\$ 81,966



Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2012 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Capital projects: (Continued)				
Sewer project	\$ -	\$ 39,886	\$ 39,885	\$ 1
Water system Improvements	400,000	360,114	119,070	241,044
Motor vehicles	324,000	324,000	-	324,000
Blue Ridge Juvenile Detention Center	40,746	40,746	40,745	1
Total capital projects	\$ 840,746	\$ 860,264	\$ 213,252	\$ 647,012
Debt service:				
Principal retirement	\$ 2,896,859	\$ 2,896,859	\$ 2,168,091	\$ 728,768
Interest and fiscal charges	1,985,720	1,985,720	553,459	1,432,261
Total debt service	\$ 4,882,579	\$ 4,882,579	\$ 2,721,550	\$ 2,161,029
Total expenditures	\$ 33,495,191	\$ 34,272,449	\$ 28,904,717	\$ 5,367,732
Excess (deficiency) of revenues over (under) expenditures	\$ (2,304,523)	\$ (2,792,713)	\$ 746,750	\$ 3,539,463
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 76,474	\$ 76,474
Issuance of bonds	2,266,487	2,266,487	-	(2,266,487)
Transfers in	-	-	154,334	154,334
Total other financing sources (uses)	\$ 2,266,487	\$ 2,266,487	\$ 230,808	\$ (2,035,679)
Change in fund balance	\$ (38,036)	\$ (526,226)	\$ 977,558	\$ 1,503,784
Fund balance at beginning of year	38,036	526,226	16,289,609	15,763,383
Fund balance at end of year	\$ -	\$ -	\$ 17,267,167	\$ 17,267,167

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Virginia Retirement System  
 Schedule of Pension Funding Progress  
 Last Three Fiscal Years

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## County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 12,288,812	\$ 14,454,082	\$ 2,165,270	85.02%	\$ 4,360,644	49.65%
6/30/2010	11,872,968	14,147,755	2,274,787	83.92%	4,599,603	49.46%
6/30/2009	11,510,200	12,680,170	1,169,970	90.77%	4,633,066	25.25%

## Discretely Presented Component Unit - School Board

## Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 5,803,049	\$ 6,984,796	\$ 1,181,747	83.08%	\$ 1,683,034	70.22%
6/30/2010	5,582,557	6,788,730	1,206,173	82.23%	1,717,844	70.21%
6/30/2009	5,446,167	6,046,364	600,197	90.07%	1,697,029	35.37%

Schedule of OPEB Funding Progress  
Last Two Years

**Other Postemployment Benefits - Health Insurance:**

**Primary Government:**

Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ -	\$ 40,200	\$ 40,200	0.00%	\$ 4,804,500	0.84%
6/30/2011	-	42,500	42,500	0.00%	4,425,800	0.96%

**Discretely Presented Component Unit - School Board**

Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ -	\$ 2,444,000	\$ 2,444,000	0.00%	\$ 16,299,700	14.99%
6/30/2011	-	2,225,900	2,225,900	0.00%	17,014,800	13.08%

\* Only two valuations available

**Virginia Retirement System - Health Insurance Credit:**

**Primary Government:**

Valuation Date **	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	71,311	\$ 90,274	\$ 18,964	78.99%	\$ 1,813,647	1.05%

\*\* Only one valuation available

## Other Supplementary Information

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## **Combining and Individual Fund Statements and Schedules**

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Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - Debt Service Fund  
 For the Year Ended June 30, 2012

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 3,969	\$ 3,969
Charges for services	-	-	1,400,000	1,400,000
Total revenues	\$ -	\$ -	\$ 1,403,969	\$ 1,403,969
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,044,571	\$ (1,044,571)
Interest and fiscal charges	-	-	1,262,180	(1,262,180)
Total debt service	\$ -	\$ -	\$ 2,306,751	\$ (2,306,751)
Total expenditures	\$ -	\$ -	\$ 2,306,751	\$ (2,306,751)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (902,782)	\$ (902,782)
Other financing sources (uses):				
Transfers (out)	\$ -	\$ -	\$ (154,334)	\$ (154,334)
Payment to refunding escrow agent	-	-	(9,429,608)	(9,429,608)
Issuance of bonds	-	-	8,110,000	8,110,000
Bond premium	-	-	1,396,686	1,396,686
Total other financing sources (uses)	\$ -	\$ -	\$ (77,256)	\$ (77,256)
Change in fund balance	\$ -	\$ -	\$ (980,038)	\$ (980,038)
Fund balance at beginning of year	-	-	2,896,486	2,896,486
Fund balance at end of year	\$ -	\$ -	\$ 1,916,448	\$ 1,916,448

Schedule of Changes in Assets and Liabilities -  
 Agency Fund  
 For the Year Ended June 30, 2012

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	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 29,849	\$ 7,314	\$ 1,200	\$ 35,963
Liabilities:				
Amounts held for social services clients	\$ 29,849	\$ 7,314	\$ 1,200	\$ 35,963

**Discretely Presented Component Unit-School Board**

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Combining Balance Sheet - Discretely Presented Component Unit - School Board  
June 30, 2012

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 264,929	\$ 264,929
Accounts receivable	171,539	-	171,539
Due from general government	1,470,431	-	1,470,431
Due from other funds	-	-	-
Due from other governmental units	983,111	-	983,111
Total assets	<u>\$ 2,625,081</u>	<u>\$ 264,929</u>	<u>\$ 2,890,010</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 172,669	\$ -	\$ 172,669
Accrued liabilities	2,452,412	-	2,452,412
Due to other funds	-	-	-
Total liabilities	<u>\$ 2,625,081</u>	<u>\$ -</u>	<u>\$ 2,625,081</u>
<b>FUND BALANCES</b>			
Committed:			
Education	\$ -	\$ 264,929	\$ 264,929
Total fund balances	<u>\$ -</u>	<u>\$ 264,929</u>	<u>\$ 264,929</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net assets:			
Total fund balances per above		\$	264,929
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	127,800	
Buildings and improvements		7,726,017	
Equipment		1,278,097	9,131,914
Interest on capital leases is not accrued in governmental funds, but rather is recognized as an expenditure when due.			(25,253)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases	\$	(838,026)	
Compensated absences		(445,648)	
Other postemployment benefits		(451,451)	
Early retirement obligations		(87,595)	(1,822,720)
Net assets of Discretely Presented Component Unit - School Board		\$	<u>7,548,870</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 6,225	\$ -	\$ 6,225
Charges for services	131,418	583,436	714,854
Miscellaneous	218,957	3,971	222,928
Recovered costs	476,704	-	476,704
Intergovernmental revenue:			
County contribution to School Board	9,729,200	-	9,729,200
Commonwealth	15,713,568	-	15,713,568
Federal	2,513,689	-	2,513,689
Total revenues	\$ 28,789,761	\$ 587,407	\$ 29,377,168
Expenditures:			
Current:			
Education	\$ 28,851,490	\$ 1,105,417	\$ 29,956,907
Debt service:			
Principal retirement	105,623	-	105,623
Interest	15,828	-	15,828
Total expenditures	\$ 28,972,941	\$ 1,105,417	\$ 30,078,358
Excess (deficiency) of revenues over (under) expenditures	\$ (183,180)	\$ (518,010)	\$ (701,190)
Other financing sources (uses):			
Issuance of capital leases	\$ 768,605	\$ -	\$ 768,605
Transfers in	-	585,425	585,425
Transfers (out)	(585,425)	-	(585,425)
Total other financing sources (uses)	\$ 183,180	\$ 585,425	\$ 768,605
Change in fund balance	\$ -	\$ 67,415	\$ 67,415
Fund balance at beginning of year	-	197,514	4,324,548
Fund balance at end of year	\$ -	\$ 264,929	\$ 4,391,963

Reconciliation of Schedule of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2012

**Component  
Unit**  

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**School  
Board**

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

Net change in fund balances - total governmental funds \$ 67,415

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

Capital additions	\$ 822,622	
Depreciation expense	<u>(634,336)</u>	188,286

The issuance of capital 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. A summary of items supporting this adjustment is as follows:

Principal retired on capital lease obligations	\$ 66,629	
Issuance of long-term obligations	(768,605)	
Capital lease assumed by County	179,931	
Principal retired on early retirement obligations	<u>38,994</u>	(483,051)

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. This amount reflects the changes in accrued leave, other post-employment benefits, and accrued interest payable.

Change in compensated absences	\$ 72,707	
Change in other postemployment benefits	218,979	
Change in accrued interest payable	<u>(5,813)</u>	285,873

Transfer of joint tenancy assets from Primary Government to the Component Unit 701,688

Change in net assets of governmental activities \$ 760,211

COUNTY OF GREENE, VIRGINIA

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

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2012

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 6,000	\$ 6,000	\$ 6,225	\$ 225
Charges for services	74,000	74,000	131,418	57,418
Miscellaneous	252,440	252,440	218,957	(33,483)
Recovered costs	570,000	570,000	476,704	(93,296)
Intergovernmental revenue:				
County contribution to School Board	9,810,910	9,810,910	9,729,200	(81,710)
Commonwealth	15,783,044	15,783,044	15,713,568	(69,476)
Federal	2,158,412	2,284,412	2,513,689	229,277
Total revenues	\$ 28,654,806	\$ 28,780,806	\$ 28,789,761	\$ 8,955
Expenditures:				
Current:				
Education				
Instruction	\$ 22,991,821	\$ 22,991,821	\$ 22,917,505	\$ 74,316
Administration, attendance and health	1,316,447	1,317,422	1,284,082	33,340
Pupil transportation	2,312,476	2,312,476	2,409,697	(97,221)
Operation and maintenance	2,355,603	3,323,537	2,235,050	1,088,487
Facilities	8,000	3,387,039	5,156	3,381,883
Food service	-	-	-	-
Total education	\$ 28,984,347	\$ 33,332,295	\$ 28,851,490	\$ 4,480,805
Debt service:				
Principal retirement	\$ 105,623	\$ 105,623	\$ 105,623	\$ -
Interest	(141,559)	(10,402)	15,828	(26,230)
Total debt service	\$ (35,936)	\$ 95,221	\$ 121,451	\$ (26,230)
Total expenditures	\$ 28,948,411	\$ 33,427,516	\$ 28,972,941	\$ 4,454,575
Excess (deficiency) of revenues over (under) expenditures	\$ (293,605)	\$ (4,646,710)	\$ (183,180)	\$ 4,463,530
Other financing sources (uses):				
Issuance of capital leases	\$ 768,605	\$ 768,605	\$ 768,605	\$ -
Issuance of loans	-	4,479,105	-	(4,479,105)
Transfers in	-	-	-	-
Transfers (out)	(475,000)	(601,000)	(585,425)	15,575
Total other financing sources (uses)	\$ 293,605	\$ 4,646,710	\$ 183,180	\$ (4,463,530)
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -



## Exhibit 15

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	583,436	583,436
-	-	3,971	3,971
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,407</u>	<u>\$ 587,407</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,105,417	(1,105,417)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,417</u>	<u>\$ (1,105,417)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,417</u>	<u>\$ (1,105,417)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (518,010)</u>	<u>\$ (518,010)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	585,425	585,425
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,425</u>	<u>\$ 585,425</u>
\$ -	\$ -	\$ 67,415	\$ 67,415
-	-	197,514	197,514
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,929</u>	<u>\$ 264,929</u>

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## Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary government:				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,623,344	\$ 12,623,344	\$ 12,422,064	\$ (201,280)
Real and personal public service corporation taxes	358,275	358,275	378,714	20,439
Personal property taxes	2,408,714	2,408,714	3,107,828	699,114
Mobile home taxes	47,320	47,320	-	(47,320)
Machinery and tools taxes	141,354	141,354	89,702	(51,652)
Penalties	155,000	155,000	175,622	20,622
Interest	85,000	85,000	97,944	12,944
Total general property taxes	\$ 15,819,007	\$ 15,819,007	\$ 16,271,874	\$ 452,867
Other local taxes:				
Local sales and use taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,556,748	\$ 56,748
Consumer utility taxes	400,000	400,000	400,525	525
Business license taxes	460,000	460,000	420,327	(39,673)
Motor vehicle licenses	390,000	390,000	374,640	(15,360)
Bank stock taxes	35,000	35,000	57,758	22,758
Taxes on recordation and wills	280,000	280,000	204,233	(75,767)
Transient lodging taxes	115,000	115,000	166,645	51,645
Meals taxes	540,000	540,000	618,936	78,936
Total other local taxes	\$ 3,720,000	\$ 3,720,000	\$ 3,799,812	\$ 79,812
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 14,000	\$ 14,000	\$ 8,242	\$ (5,758)
Other permits and licenses	235,100	235,100	195,563	(39,537)
Total permits, privilege fees and regulatory licenses	\$ 249,100	\$ 249,100	\$ 203,805	\$ (45,295)
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 166,000	\$ 166,000	\$ 79,514	\$ (86,486)
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,113	\$ 1,113
Revenue from use of property	43,136	43,136	43,135	(1)
Total revenue from use of money and property	\$ 43,136	\$ 43,136	\$ 44,248	\$ 1,112

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ -	\$ -	\$ 1,049	\$ 1,049
Law library fees	1,200	1,200	1,649	449
Courthouse maintenance	46,000	46,000	35,996	(10,004)
Commonwealth attorney fees	400	400	1,400	1,000
Dog pound fees	2,500	2,500	2,276	(224)
Charges for transportation services	205,300	205,300	111,343	(93,957)
DMV stop fees	-	1,180	1,140	(40)
After school program fees	375,925	375,925	159,325	(216,600)
Parks and recreation	80,294	80,294	69,114	(11,180)
Vehicle maintenance facility	869,534	869,534	755,045	(114,489)
Charges for landfill operations	2,304,667	2,304,667	877,151	(1,427,516)
Revenue recovery	-	-	191,900	191,900
Other charges for services	500	500	472	(28)
Total charges for services	\$ 3,886,320	\$ 3,887,500	\$ 2,207,860	\$ (1,679,640)
Miscellaneous revenue:				
Expenditure refunds	\$ 161,929	\$ 200,799	\$ 174,906	\$ (25,893)
Donations	500	500	954	454
Miscellaneous	25	1,024	36,300	35,276
Total miscellaneous revenue	\$ 162,454	\$ 202,323	\$ 212,160	\$ 9,837
Recovered costs:				
State health department reimbursement	\$ -	\$ -	\$ 7,360	\$ 7,360
Health department	4,671	4,671	3,503	(1,168)
Total recovered costs	\$ 4,671	\$ 4,671	\$ 10,863	\$ 6,192
Total revenue from local sources	\$ 24,050,688	\$ 24,091,737	\$ 22,830,136	\$ (1,261,601)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 15,000	\$ 15,000	\$ 11,967	\$ (3,033)
Auto rental tax	1,000	1,000	1,414	414
Motor vehicle titling tax	16,000	18,161	18,160	(1)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue:				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Tax on deeds	\$ 108,250	\$ 108,250	\$ 63,837	\$ (44,413)
DMV-sterilization cat/dog program	-	405	405	-
Rolling stock tax	230	230	266	36
Contribution to State of Virginia	(120,000)	(120,000)	(113,341)	6,659
Communication sales and use taxes	516,000	516,000	502,840	(13,160)
Personal property tax relief act	2,249,911	2,249,911	2,249,911	-
Total noncategorical aid	\$ 2,786,391	\$ 2,788,957	\$ 2,735,459	\$ (53,498)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 164,310	\$ 167,921	\$ 167,209	\$ (712)
Sheriff	785,376	785,376	798,333	12,957
Commissioner of the Revenue	75,858	75,858	75,587	(271)
Treasurer	72,066	72,066	71,298	(768)
Registrar/electoral board	40,623	40,623	47,018	6,395
Clerk of the Circuit Court	181,286	181,286	217,223	35,937
Total shared expenses	\$ 1,319,519	\$ 1,323,130	\$ 1,376,668	\$ 53,538
Other categorical aid:				
Law enforcement grants	\$ 25,364	\$ 25,364	\$ 4,851	\$ (20,513)
Litter control	5,500	15,500	15,000	(500)
Fire programs fund	36,000	47,724	49,673	1,949
Section 18 transportation grant	320,719	320,719	74,222	(246,497)
Juvenile Justice	7,549	7,549	7,727	178
E-911 wireless grant	34,200	34,200	43,333	9,133
Forfeited Property	-	928	928	-
Public assistance	358,133	358,133	308,701	(49,432)
Domestic violence	-	60,014	-	(60,014)
Comprehensive services	1,040,000	1,040,000	937,406	(102,594)
Other categorical aid	-	56,472	38,880	(17,592)
Total other categorical aid	\$ 1,827,465	\$ 1,966,603	\$ 1,480,721	\$ (485,882)
Total categorical aid	\$ 3,146,984	\$ 3,289,733	\$ 2,857,389	\$ (432,344)
Total revenue from the Commonwealth	\$ 5,933,375	\$ 6,078,690	\$ 5,592,848	\$ (485,842)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue:				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 38,281	\$ 38,281	\$ 40,295	\$ 2,014
Categorical aid:				
Welfare administration and assistance	\$ 781,382	\$ 781,382	\$ 651,236	\$ (130,146)
Section 18 transportation grant	346,557	346,557	446,735	100,178
Public safety partnership and community policing	-	46,008	-	(46,008)
Bulletproof vest grant	-	2,777	1,069	(1,708)
Homeland security	-	18,551	18,551	-
Forfeited property	-	12,830	12,830	-
Byrne grant	-	330	-	(330)
Safety grants	-	22,208	36,761	14,553
Byrne grant	-	-	2,867	2,867
DMV grants	-	-	10,265	10,265
Federal disaster recovery	-	-	7,874	7,874
USDA grant	40,385	40,385	-	(40,385)
Total categorical aid	\$ 1,168,324	\$ 1,271,028	\$ 1,188,188	\$ (82,840)
Total revenue from the federal government	\$ 1,206,605	\$ 1,309,309	\$ 1,228,483	\$ (80,826)
Total general fund	\$ 31,190,668	\$ 31,479,736	\$ 29,651,467	\$ (1,828,269)
Debt service fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3,969	\$ 3,969
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 775,000	\$ 775,000
Water EDU charges	-	-	625,000	625,000
Total charges for services	\$ -	\$ -	\$ 1,400,000	\$ 1,400,000
Total debt service fund	\$ -	\$ -	\$ 1,403,969	\$ 1,403,969
School capital projects fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 4,825	\$ 4,825
Total school capital projects fund	\$ -	\$ -	\$ 4,825	\$ 4,825



Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School operating fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 6,000	\$ 6,000	\$ 6,225	\$ 225
Charges for services:				
Charges for education	\$ 74,000	\$ 74,000	\$ 131,418	\$ 57,418
Miscellaneous revenue:				
Expenditure refunds	\$ 135,440	\$ 135,440	\$ 106,967	\$ (28,473)
Miscellaneous	117,000	117,000	111,990	(5,010)
Total miscellaneous revenue	\$ 252,440	\$ 252,440	\$ 218,957	\$ (33,483)
Recovered costs:				
Other payments from another county or city	\$ 570,000	\$ 570,000	\$ 476,704	\$ (93,296)
Total revenue from local sources	\$ 902,440	\$ 902,440	\$ 833,304	\$ (69,136)
Intergovernmental revenue:				
County contribution to School Board	\$ 9,810,910	\$ 9,810,910	\$ 9,729,200	\$ (81,710)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,829,897	\$ 2,829,897	\$ 2,854,949	\$ 25,052
Basic school aid	8,325,279	8,325,279	8,349,512	24,233
GED	7,859	7,859	7,859	-
Remedial summer school	85,142	85,142	85,142	-
Remedial education - SOQ	152,438	152,438	153,140	702
Special education - SOQ	1,355,211	1,355,211	1,361,456	6,245
Textbook	75,401	75,401	84,080	8,679
Vocational standards of quality payments	237,952	237,952	239,049	1,097
Fringe benefits	974,116	974,116	978,605	4,489
Lottery	-	-	38,385	38,385
Regional program payments	733,153	733,153	578,089	(155,064)
Technology	180,000	180,000	180,000	-
Other state funds	826,596	826,596	803,302	(23,294)
Total categorical aid	\$ 15,783,044	\$ 15,783,044	\$ 15,713,568	\$ (69,476)
Total revenue from the Commonwealth	\$ 15,783,044	\$ 15,783,044	\$ 15,713,568	\$ (69,476)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental revenue:				
Revenue from the federal government:				
Categorical aid:				
Basic adult education	\$ 15,000	\$ 15,000	\$ 23,811	\$ 8,811
Title I	450,000	450,000	521,023	71,023
ARRA - Title I	-	-	65,488	65,488
Title VI-B	650,000	650,000	673,904	23,904
School food program grant	408,912	534,912	638,548	103,636
Pre-school SPED	18,000	18,000	20,843	2,843
Vocational education	25,000	25,000	46,725	21,725
Title III-ESL	6,500	6,500	13,938	7,438
Education jobs fund	505,000	505,000	285,000	(220,000)
Bab subsidy	-	-	131,157	131,157
Title II part A	80,000	80,000	93,252	13,252
Total revenue from the federal government	\$ 2,158,412	\$ 2,284,412	\$ 2,513,689	\$ 229,277
Total school operating fund	\$ 28,654,806	\$ 28,780,806	\$ 28,789,761	\$ 8,955
School cafeteria fund:				
Special revenue fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 583,436	\$ 583,436
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 3,971	\$ 3,971
Total revenue from local sources	\$ -	\$ -	\$ 587,407	\$ 587,407
Total school cafeteria fund	\$ -	\$ -	\$ 587,407	\$ 587,407
Total Revenues -- Component Unit -- School Board	\$ 28,654,806	\$ 28,780,806	\$ 29,377,168	\$ 596,362

## Statistical Information

COUNTY OF GREENE, VIRGINIA

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
2002-03	\$ 1,644,115	\$ 402,136	\$ 2,635,583	\$ 953,838	\$ 2,738,166	8,268,097
2003-04	1,633,164	393,359	2,872,741	1,043,970	2,674,389	8,448,755
2004-05	1,821,592	482,358	3,197,116	1,724,394	3,194,739	15,880,805
2005-06	2,053,433	594,937	3,723,429	2,029,388	3,589,603	2,391,026
2006-07	2,292,151	647,781	4,157,052	2,323,483	3,501,134	7,993,506
2007-08	2,354,054	669,784	4,608,566	2,601,110	3,041,586	10,093,139
2008-09	2,208,969	732,824	4,964,867	2,686,808	3,545,971	10,102,951
2009-10	2,317,597	728,288	5,168,726	2,157,064	3,141,865	9,977,710
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122
2011-12	2,569,601	796,212	5,925,042	1,668,381	3,283,874	10,876,226

Table 1

	Recreation and Cultural	Community Development	Nondepart- mental	Capital Outlays	Interest on Long-term Obligations	Total
\$	300,660	\$ 1,054,687	\$ 10,670	\$ 42,003	\$ 845,761	\$ 18,895,716
	375,284	1,039,621	-	-	796,861	19,278,144
	393,634	1,114,216	-	-	1,449,380	29,258,234
	427,474	8,209,744	-	-	2,084,232	25,103,266
	458,890	1,227,319	-	-	2,398,768	25,000,084
	546,068	1,406,092	-	-	2,109,150	27,429,549
	798,049	1,554,244	-	-	2,023,856	28,618,539
	582,625	1,694,807	-	-	1,870,527	27,639,209
	586,531	1,829,783	-	-	1,777,149	28,537,405
	655,517	1,896,573	-	-	1,714,067	29,385,493

COUNTY OF GREENE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2002-03	\$ 1,857,045	\$ 3,084,004	\$ 113,943
2003-04	2,178,492	3,163,786	-
2004-05	2,986,536	3,552,344	-
2005-06	10,543,409	4,044,916	-
2006-07	6,720,063	3,971,286	-
2007-08	4,417,186	4,271,386	-
2008-09	4,990,757	4,123,823	-
2009-10	3,643,413	4,125,296	202,677
2010-11	4,398,744	4,795,953	-
2011-12	3,891,179	3,892,236	40,000

Table 2

General Revenues					
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Revenues from the Use of Money & Property	Miscellaneous	Total
\$ 9,089,537	\$ 2,459,949	\$ 2,215,356	\$ 51,547	\$ 231,592	\$ 19,102,973
9,736,702	2,735,566	2,263,174	47,530	234,424	20,359,674
10,742,734	3,162,439	2,312,486	265,104	677,831	23,699,474
12,022,144	3,337,544	2,667,282	596,235	472,118	33,683,648
13,599,892	3,443,880	2,463,754	930,857	374,327	31,504,059
14,805,399	3,506,466	2,429,762	787,025	180,310	30,397,534
15,659,705	3,554,550	2,454,781	288,843	219,967	31,292,426
16,501,906	3,789,119	2,406,313	130,067	200,312	30,999,103
16,628,031	4,099,937	2,391,655	53,854	270,759	32,638,933
16,830,631	3,799,812	2,889,095	53,042	212,158	31,608,153

# COUNTY OF GREENE, VIRGINIA

## General Government Expenditures by Function (1) (2) (3) Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2002-03	\$ 1,536,967	\$ 377,544	\$ 2,496,690	\$ 836,435	\$ 2,734,790
2003-04	1,526,880	368,767	2,658,348	1,015,370	2,666,419
2004-05	1,676,743	457,766	3,093,339	1,773,878	3,191,946
2005-06	1,956,994	560,382	3,770,266	1,945,098	3,578,360
2006-07	1,945,296	622,346	3,928,340	2,125,007	3,500,069
2007-08	2,158,358	678,909	4,531,360	2,554,880	3,443,399
2008-09	2,124,961	656,157	4,776,585	2,541,465	3,566,681
2009-10	2,194,470	651,621	5,260,704	1,836,690	3,161,649
2010-11	2,289,610	673,341	5,770,110	1,810,474	3,275,516
2011-12	2,435,313	719,545	5,706,798	1,609,678	3,288,402

(1) Includes current expenditures of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.



Table 3

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	Education		Recreation and Cultural		Community Development		Non- depart- mental		Debt Service		Total
\$	21,914,781	\$	298,128	\$	1,049,147	\$	10,670	\$	2,452,014	\$	33,707,166
	21,989,672		291,377		1,006,911		5,504		2,347,390		33,876,638
	23,617,509		314,040		1,139,356		19,784		2,876,505		38,160,866
	25,201,395		348,136		1,334,218		12,410		2,724,879		41,432,138
	26,721,702		380,581		1,301,761		21,388		2,888,431		43,434,921
	28,547,616		447,416		1,449,780		45,083		2,922,220		46,779,021
	29,662,860		706,843		1,587,242		36,260		3,048,763		48,707,817
	29,708,011		498,169		1,695,747		21,595		2,585,804		47,614,460
	28,886,279		505,441		1,871,410		18,776		2,590,803		47,691,760
	29,961,407		561,145		1,886,835		36,373		2,843,001		49,048,497

COUNTY OF GREENE, VIRGINIA

General Government Revenues by Source (1) (2) (3)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2002-03	\$ 9,162,352	\$ 2,459,949	\$ 242,672	\$ 255,701	\$ 53,382
2003-04	9,693,895	2,735,566	278,350	156,841	49,507
2004-05	10,610,769	3,162,439	317,924	109,374	303,432
2005-06	11,972,582	3,337,544	497,799	137,339	552,293
2006-07	13,188,509	3,443,880	441,954	169,241	495,375
2007-08	14,826,839	3,506,466	358,989	138,146	231,464
2008-09	15,625,373	3,554,550	316,414	184,505	101,049
2009-10	16,457,255	3,789,119	281,684	183,417	61,038
2010-11	16,630,394	4,099,937	305,014	168,098	44,914
2011-12	16,271,874	3,799,812	203,805	79,514	50,473

(1) Includes revenues of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.

Table 4

Charges for Services		Miscellaneous	Recovered Costs	Inter- governmental	Total				
\$	1,865,154	\$	306,654	\$	319,566	\$	18,749,262	\$	33,414,692
	2,302,372		507,789		400,027		18,854,418		34,978,765
	3,118,779		831,979		454,687		21,297,417		40,206,800
	2,930,316		307,704		366,971		23,109,507		43,212,055
	3,297,142		631,049		411,988		23,950,701		46,029,839
	3,910,145		503,709		903,588		24,653,597		49,032,943
	3,638,610		565,264		378,408		26,110,839		50,475,012
	2,856,494		571,305		709,976		26,042,415		50,952,703
	2,548,454		652,497		534,874		25,439,456		50,423,638
	2,922,714		435,088		487,567		25,048,588		49,299,435

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1) (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2002-03	\$ 11,201,615	\$ 10,754,609	96.01%	\$ 257,905	\$ 11,012,514	98.31%	\$ 782,937	6.99%
2003-04	12,104,890	11,397,907	94.16%	228,425	11,626,332	96.05%	793,081	6.55%
2004-05	13,025,347	12,148,545	93.27%	478,118	12,626,663	96.94%	835,569	6.41%
2005-06	14,344,456	13,797,519	96.19%	539,040	14,336,559	99.94%	885,556	6.17%
2006-07	15,769,511	14,618,569	92.70%	622,838	15,241,407	96.65%	1,247,675	7.91%
2007-08	17,357,261	16,094,917	92.73%	726,361	16,821,278	96.91%	1,371,557	7.90%
2008-09	17,946,941	16,947,660	94.43%	693,868	17,641,528	98.30%	1,469,758	8.19%
2009-10	18,483,392	17,711,070	95.82%	755,110	18,466,180	99.91%	1,542,094	8.34%
2010-11	18,468,863	17,905,126	96.95%	728,304	18,633,430	100.89%	1,762,188	9.54%
2011-12	18,545,899	17,525,048	94.50%	723,171	18,248,219	98.39%	1,900,921	10.25%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (2)	Public Service Corporations	Total
2002-03	\$ 935,331,542	\$ 78,067,344	\$ 984,980	\$ 38,405,840	\$ 1,052,789,706
2003-04	947,972,076	81,326,298	N/A	40,217,543	1,069,515,917
2004-05	997,124,352	86,733,245	243,900	36,472,249	1,120,573,746
2005-06	1,105,086,533	94,285,358	451,461	40,120,084	1,239,943,436
2006-07	1,367,588,892	99,210,035	813,020	29,459,777	1,497,071,724
2007-08	1,640,643,742	103,112,893	3,029,713	45,382,646	1,792,168,994
2008-09	1,793,032,015	101,216,300	4,734,675	41,346,332	1,940,329,322
2009-10	1,915,379,116	98,353,196	5,467,998	54,408,605	2,073,608,915
2010-11	1,894,195,815	101,055,538	5,654,529	54,004,950	2,054,910,832
2011-12	1,870,025,214	107,394,386	3,244,434	55,160,407	2,035,824,441

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

(2) 2003-2004 Machinery and Tools assessment was assessed as a supplemental assessment.

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year		Real Estate	Personal Property	Machinery and Tools
2002-03	\$	0.74/0.79	\$ 4.45/5.00	\$ 1.55/2.00
2003-04		0.79/0.84	5.00/5.00	2.00/2.00
2004-05		0.84/0.84	5.00/5.00	2.00/2.00
2005-06		0.84/0.84	5.00/5.00	2.00/2.00
2006-07		0.84/0.72	5.00/5.00	2.00/2.00
2007-08		0.72/0.72	5.00/5.00	2.00/2.00
2008-09		0.72/0.69	5.00/5.00	2.00/2.00
2009-10		0.69/0.69	5.00/5.00	2.00/2.50
2010-11		0.69/0.69	5.00/5.00	2.50/2.50
2011-12		0.69/0.69	5.00/5.00	2.50/2.50

(1) Per \$100 of assessed value, 1st and 2nd half assessments

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

Fiscal Year	Population	Assessed Value	Gross & Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
	(1)	(2)	(3)		
2002-03	15,244	1,052,789,706	15,907,536	1.51%	1,044
2003-04	15,244	1,069,515,917	29,085,747	2.72%	1,908
2004-05	15,244	1,120,573,746	36,485,615	3.26%	2,393
2005-06	16,900	1,239,943,436	52,264,532	4.22%	3,093
2006-07	17,165	1,497,071,724	50,658,356	3.38%	2,951
2007-08	17,714	1,792,168,994	48,207,781	2.69%	2,721
2008-09	17,881	1,940,329,322	45,155,798	2.33%	2,525
2009-10	18,403	2,073,608,915	42,439,783	2.05%	2,306
2010-11	18,485	2,054,910,832	48,228,153	2.35%	2,609
2011-12	18,484	2,035,824,441	44,887,933	2.20%	2,428

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

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and revenue bonds; excludes capital leases, compensated absences, and other postemployment benefits.

Schedule of Operating Revenues and Expenditures for Transportation Activity  
For the Year Ended June 30, 2012

Revenues:	
State aid	\$ 74,222
Federal aid	446,735
Fare collections	111,343
Greene County contribution for operations	<u>387,142</u>
Total revenues	\$ <u>1,019,442</u>
Expenditures:	
Salaries and fringes	\$ 310,093
Materials and other expenditures	<u>709,349</u>
Total expenditures	\$ <u>1,019,442</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>

Transportation activity for the County of Greene, Virginia is included in the general accounting system of the County.



## Compliance

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Greene, Virginia's basic financial statements and have issued our report thereon dated March 11, 2013. 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.

### **Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Greene, Virginia, in a separate letter dated March 11, 2013.

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

*Robinson, Farmer Cox Associates*  
Charlottesville, Virginia  
March 11, 2013

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

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

### **Compliance**

We have audited County of Greene, 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 Greene, Virginia's major federal programs for the year ended June 30, 2012. The County of Greene, 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 Greene, Virginia's management. Our responsibility is to express an opinion on County of Greene, Virginia's compliance based on our audit.

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

In our opinion, County of Greene, 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, 2012.

### **Internal Control Over Compliance**

Management of the County of Greene, 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 Greene, 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 Greene, Virginia's internal control over compliance.

### Internal Control Over Compliance: (Continued)

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, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

*Robinson, Farmer, Cox Associates*  
(Charlottesville, Virginia  
March 11, 2013

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Units  
Year Ended June 30, 2012

<u>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>PRIMARY GOVERNMENT:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010111/0010112	\$ 157,027
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2012/154AL-2011	\$ 10,265
Department of Rail and Public Transportation:			
Formula Grants for Other Than Urbanized Areas	20.509	60901-420111/420112	446,735
Total Department of Transportation			\$ 457,000
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payments:</u>			
Bulletproof Vest Partnership Program	16.607	Unknown	\$ 1,069
<u>Pass through payments:</u>			
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-41000/61000	\$ 25,075
Crime Victim Assistance	16.575	Unknown	14,553
Asset Forfeiture Program	16.000	Unknown	12,830
Total Department of Justice			\$ 53,527
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
State Homeland Security Program	97.073	77501-52708/52709	\$ 18,551
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	7,874
Total Department of Homeland Security			\$ 26,425
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
Temporary Assistance For Needy Families	93.558	0400111/0400112	\$ 119,201
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111/0500112	266
Low-Income Home Energy Assistance	93.568	0600411/0600412	8,250
CCDF Cluster:			
Child Care and Development Block Grant	93.575	0770111/0770112	49,731
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111/0760112	38,204
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111/0900112	313
Foster care - Title IV-E	93.658	1100111/1100112	82,492

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Units  
Year Ended June 30, 2012 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>PRIMARY GOVERNMENT: (CONTINUED)</b>			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
<u>Pass Through Payments: (Continued)</u>			
Department of Social Services: (Continued)			
Adoption Assistance	93.659	1120111/1120112	\$ 22,175
Social Services Block Grant	93.667	1000111/1000112	70,984
Chafee Foster Care Independence Program	93.674	9150111/9150112	2,747
Children's Health Insurance Program	93.767	0540111/0540112	4,563
Medical Assistance Program	93.778	1200111/1200112	95,283
Total Department of Health and Human Services			\$ 494,209
<b>Total Primary Government</b>			<b>\$ 1,188,188</b>
<b>COMPONENT UNIT-SCHOOL BOARD:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Commodities	10.555	10.555/2011/2012	\$ 59,989
Department of Education:			
National School Lunch Program	10.555	10.555/2011/2012	432,004
Total food commodities and national school lunch program			\$ 491,993
School Breakfast Program	10.553	10.553/2011/2012	\$ 146,555
Total Department of Agriculture			\$ 638,548
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Adult Education - Basic Grants to States	84.002	Unknown	\$ 23,811
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	S010A110046/S010A100046	521,023
ARRA - Title I Grants to Local Educational Agencies	84.389	S389A100046	65,488
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A110107	673,904
Special Education - Preschool Grants	84.173	H173A110112/H173A100112	20,843
Career and Technical Education - Basic Grants to States	84.048	V048A110046/VA048A100046	46,726
Improving Teacher Quality State Grants	84.367	S367A110044/S367A100044	93,252
ARRA - Education Jobs Fund	84.410	S410A110047	285,000
English Language Acquisition State Grants	84.365	S365A100046/T365A090046	13,937
Total Department of Education			\$ 1,743,984
<b>Total Component Unit School Board</b>			<b>\$ 2,382,532</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,570,720</b>

See accompanying notes to schedule of expenditures of federal awards.



## COUNTY OF GREENE, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Greene, Virginia under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of 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 Greene, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Greene, Virginia.

#### Note 2 - Summary of Significant Accounting Policies

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

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

#### Note 3 - Food Donation

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

#### Note 4 - Relationship to Financial Statements

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

##### Intergovernmental federal revenues per the basic financial statements:

##### Primary government:

General Fund	\$ 1,228,483
Less Payment in lieu of taxes	<u>(40,295)</u>
Total primary government	<u>\$ 1,188,188</u>

##### Component Unit School Board:

School Operating Fund	\$ 2,513,689
Less BAB subsidy	<u>(131,157)</u>
Total component unit school board	<u>\$ 2,382,532</u>

Total federal expenditures per basic financial statements	<u>\$ 3,570,720</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,570,720</u></u>
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## COUNTY OF GREENE, VIRGINIA

### Schedule of Findings and Questioned Costs Year Ended June 30, 2012

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#### 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) identified?	None reported
Noncompliance material to financial statements noted?	No

##### Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of 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
84.027/84.173	Special Education Cluster (IDEA)
84.410	ARRA - Education jobs fund
84.010/84.389	Title I Cluster
20.509	Formula grants for other than urbanized areas
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

#### 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 Audit Findings

There were no federal award findings and questioned costs reported in the prior year.