

# COUNTY OF HALIFAX, VIRGINIA



FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013



**COUNTY OF HALIFAX, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2013**

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COUNTY OF HALIFAX, VIRGINIA  
JUNE 30, 2013

**BOARD OF SUPERVISORS**

Thomas E. West, Chairman	
William Bryant Claiborne, Vice-Chairman	
J.T. Davis	E. Wayne Conner
Douglas V. Bowman	William I. Fitzgerald
Lottie T. Nunn	Barry A. Bank

**COUNTY SCHOOL BOARD**

Kimberly T. Farson, Chairman  
Richard K. Stoneman, Vice-Chairman

Karen G. Hopkins	Cheryl B. Terry
R.H. "Fay" Satterfield	Phyllis D. Smith
Walter C. Potts	Dr. Roger L. Long

**BOARD OF SOCIAL SERVICES**

James R. Davis, Chairman	
Sylvia Carey, Vice-Chairman	
Susan McLamb	Garnett Luck
William I. Fitzgerald	

**OTHER OFFICIALS**

Judge of the Circuit Court	Leslie M. Osborn
Judge of the Circuit Court	Joel C. Cunningham
Clerk of the Circuit Court	Robert W. Conner
Judge of the General District Court	Robert G. Woodson
Judge of the Juvenile and Domestic Relations Court	S. Anderson Nelson
Commonwealth's Attorney	Michael Freshour
Commissioner of the Revenue	Brenda P. Powell
Treasurer	Linda S. Foster
Sheriff	Fred S. Clark
Superintendent of Schools	Merle Herndon
Director of Department of Social Services	Kathy Andrews
County Administrator	James Halasz



COUNTY OF HALIFAX, VIRGINIA  
FINANCIAL REPORT  
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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Halifax, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the textbook fund of the Component Unit - School Board which represent 2 percent of the assets, 24 percent of the fund balance and less than 1 percent of total revenues of the Component Unit - School Board. Those financial statements were audited by other auditors whose report therein has been furnished to us, and our opinion, insofar as it relates to the amounts included for the textbook fund, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As described in Note 18 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Information***

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

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

*Other Information: (Continued)*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2014, on our consideration of the County of Halifax, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Halifax, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
(Charlottesville, Virginia  
January 6, 2013

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## County of Halifax, Virginia Management's Discussion and Analysis

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As management of the County of Halifax (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. Please read it in conjunction with the County's basic financial statements, which follow this section.

### Financial Highlights

- The assets and deferred outflows of resources position of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$19.7 million (*net position*). Of this amount, approximately \$12.5 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$442,409 in FY2013 in comparison to a decrease of \$1,301,342 in FY2012.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14.2 million, an increase of \$1,446,907. Fifty-two percent, or \$7.3 million of this amount, is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, fund balance for the General Fund was approximately \$13.4 million, or 31% of total governmental fund expenditures less any capital outlay.
- The County's total governmental activities debt decreased by \$3,090,215 during the current fiscal year. The key factor in the increase was the increase in property tax collections, meals tax and local sales tax.

### Overview of the Financial Statements

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

#### Government-wide financial statements

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

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

## Overview of the Financial Statements (Continued)

### Government-wide financial statements: (Continued)

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board and a legally separate industrial development authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 11 through 13 of this report.

### Fund financial statements

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

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

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

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

The County adopts an annual appropriated budget for its General Fund, Virginia Public Assistance fund, Capital Projects fund, State and Federal Grants fund, William M. Tuck Airport fund. Budgetary comparison statements have been provided to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

The County maintains **Proprietary Funds**. The County uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.



## Overview of the Financial Statements (Continued)

### Fund financial statements: (Continued)

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 21 of this report.

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 57 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the General Fund and the Virginia Public Assistance Fund. Required supplementary information can be found on pages 58 through 61 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 62 of this report.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$19.7 million at the close of the most recent fiscal year. A large portion of the County's net position (\$7.1 million, 36% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

**Comparative Summary of Net Position**  
**As of June 30, 2013 and 2012**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Current and other assets	\$ 34,197,221	\$ 33,028,560
Capital assets	59,482,727	63,256,372
Total assets	\$ 93,679,948	\$ 96,284,932
Long-term liabilities outstanding	\$ 55,760,523	\$ 58,850,738
Current liabilities	1,116,717	1,186,358
Subtotal liabilities	56,877,240	60,037,096
Deferred inflows of resources	\$ 17,086,153	\$ 16,973,690
Total liabilities and deferred inflows of resources	\$ 73,963,393	\$ 77,010,786
Net position:		
Net investment in capital assets	\$ 7,109,549	\$ 7,781,991
Restricted	68,422	66,799
Unrestricted	12,538,584	11,425,356
Total net position	\$ 19,716,555	\$ 19,274,146

**Government-Wide Financial Analysis: (Continued)**

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

As noted previously, the County's total net position increased by \$442,409 during the current fiscal year.

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

**Comparative Statement of Changes in Net Position  
As of June 30, 2013 and 2012**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Revenues:		
Program revenues:		
Charges for services	\$ 672,784	\$ 620,628
Operating grants and contributions	9,034,629	9,329,540
Capital grants and contributions	1,461,144	1,442,756
General revenues:		
Property taxes	24,306,577	22,779,397
Other taxes	6,164,352	5,236,780
Unrestricted revenues	343,065	394,117
Miscellaneous	302,982	519,922
Grants and contributions not restricted to specific programs	2,667,870	2,602,321
Total revenues	\$ 44,953,403	\$ 42,925,461
Expenses:		
General governmental administration	\$ 2,325,357	\$ 2,272,954
Judicial administration	1,596,842	1,487,486
Public safety	7,458,534	7,594,784
Public works	3,531,002	3,752,716
Health and welfare	7,551,029	7,760,643
Parks, recreation, and cultural	474,772	436,121
Community development	2,754,844	2,132,612
Interest on long-term debt	2,240,418	2,346,703
Education	16,578,196	16,442,784
Total expenses	\$ 44,510,994	\$ 44,226,803
Increase (decrease) in net position	\$ 442,409	\$ (1,301,342)
Net position - beginning of year	19,274,146	20,575,488
Net position - end of year	\$ 19,716,555	\$ 19,274,146

## Government-Wide Financial Analysis: (Continued)

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

- General property taxes, excluding the payments received from the State as reimbursement under the State's personal property tax relief program, were \$24 million, which represents an increase of approximately \$1.5 million or 7%.
- Other local taxes increased \$927,572, primarily due to increase in local sales tax and the assessment of meals tax for a complete fiscal year.
- Expenses of the governmental activities were approximately \$284,191 more than fiscal year 2012. This increase is attributable to the increases in the following expense categories - general government administration; judicial administration; parks, recreation and cultural; community development and education expense. Community development expense category reported the largest percentage increase due to pass-through grant funding for the South Boston energy project in conjunction with the Community Development Block Grant.

### Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14.2 million, an increase of \$1,446,907 in comparison with the prior year.

The General Fund is the chief operating fund of the County. Excluding transfers to and from other funds, the general fund's revenues exceeded expenditures by \$3,184,583. At the end of the current fiscal year, total fund balance of the General Fund was \$13.36 million. The unassigned fund balance is \$7,328,340, nonspendable amounts total \$78,122, restricted amounts total \$68,422, committed amounts total \$393,823, and assigned amounts represent \$5,493,681. As a measure of the General Fund's liquidity, the fund balance represents 31% of general government expenditures.

The County Capital Improvements Fund accounts for all major general public improvements, excluding capital projects related to business-type activities and education, which are accounted for elsewhere. At the end of the fiscal year, the fund balance was \$0.

Nonmajor special revenue funds included the Airport Fund and the State and Federal Grants Fund. Both funds accounted for the total reported as committed or nonspendable special revenue funds in the amount of \$875,726.

### General Fund Budgetary Highlights

There was an increase of \$1,072,428 between the original budget and the final amended budget expenditures excluding transfers out.

Actual revenues were more than the budgeted amounts by \$486,551 and actual expenditures were less than budgeted amounts by \$1,214,574.

### Capital Asset and Debt Administration

**Capital assets:** The County's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$59.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress. Major capital asset events during the current fiscal year included the following:

- Purchase of several vehicles for various County departments
- Courthouse needs assessment
- Completion of energy efficiency upgrades

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

	<b>Governmental Activities</b>	<b>Total</b>
Land	\$ 4,867,598	\$ 4,867,598
Buildings and systems	53,575,011	53,575,011
Machinery & Equipment	680,540	680,540
Construction in progress	359,578	359,578
Total	<u>\$ 59,482,727</u>	<u>\$ 59,482,727</u>

Additional information on the County's capital assets can be found in note 7 on pages 36 through 37 of this report.

**Long-term obligations:** At the end of the current fiscal year, the County had total outstanding obligations of \$55.7 million. Details are summarized in the following table:

	<b>Governmental Activities</b>	<b>Total</b>
Bonds Payable:		
General obligation bonds	\$ 45,547,776	\$ 45,547,776
Revenue bonds	1,368,347	1,368,347
Literary loans	5,133,481	5,133,481
Landfill Closure/Postclosure	1,588,602	1,588,602
Capital leases	323,574	323,574
Note payable	703,098	703,098
Net OPEB obligation	153,900	153,900
Compensated absences	941,745	941,745
Total	<u>\$ 55,760,523</u>	<u>\$ 55,760,523</u>

Debt associated with governmental activities decreased \$3,090,215.

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

- The unemployment rate for the County as of November 2013 was 8.3%. The State's average unemployment rate was 5.0% and the national average rate was 6.6%.
- One of the greatest economic impacts to the County currently is the uncertainty of how the State allocations to local governments will be adjusted due to State budgetary issues being addressed by the State.

### **Requests for Information**

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

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## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Position  
June 30, 2013

	Primary Government	Component Units		
	Governmental Activities	School Board	Industrial Development Authority	Regional Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,658,054	\$ 6,834,326	\$ 2,180,168	\$ 6,546
Receivables (net of allowance for uncollectibles):				
Taxes receivable	18,954,874	-	-	-
Accounts receivable	237,578	321,335	103,958	-
Notes receivable	60,000	-	51,755	-
Due from component unit	4,410,345	-	-	-
Due from other governmental units	1,712,451	3,129,374	82,678	-
Inventories	-	-	-	-
Prepaid items	95,497	457,194	-	-
Property held for resale	-	-	2,666,598	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	68,422	-	-	-
Capital assets (net of accumulated depreciation):				
Land	4,867,598	130,523	574,342	-
Buildings and systems	53,575,011	19,418,935	30,883,965	-
Machinery and equipment	680,540	2,052,045	2,113,002	-
Construction in progress	359,578	-	2,290,266	-
Total assets	<u>\$ 93,679,948</u>	<u>\$ 32,343,732</u>	<u>\$ 40,946,732</u>	<u>\$ 6,546</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 80,669	\$ 459,680	\$ 39,086	\$ -
Accrued liabilities	-	4,584,055	-	-
Accrued interest payable	1,036,048	-	-	-
Due to primary government	-	4,160,945	249,400	-
Long-term liabilities:				
Due within one year	3,409,631	205,304	771,481	-
Due in more than one year	52,350,892	1,667,458	11,038,764	3,900
Total liabilities	<u>\$ 56,877,240</u>	<u>\$ 11,077,442</u>	<u>\$ 12,098,731</u>	<u>\$ 3,900</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 17,086,153	\$ -	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 17,086,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 7,109,549	\$ 21,040,056	\$ 24,071,157	\$ -
Restricted for:				
Asset forfeiture	68,422	-	-	-
Unrestricted	12,538,584	226,234	4,776,844	2,646
Total net position	<u>\$ 19,716,555</u>	<u>\$ 21,266,290</u>	<u>\$ 28,848,001</u>	<u>\$ 2,646</u>

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

COUNTY OF HALIFAX, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,325,357	\$ -	\$ 277,760	\$ -
Judicial administration	1,596,842	44,567	695,444	-
Public safety	7,458,534	311,986	2,320,606	142,539
Public works	3,531,002	296,549	20,432	-
Health and welfare	7,551,029	-	5,517,953	-
Education	16,578,196	-	-	-
Parks, recreation, and cultural	474,772	5,790	-	-
Community development	2,754,844	13,892	202,434	1,318,605
Interest on long-term debt	2,240,418	-	-	-
Total governmental activities	\$ 44,510,994	\$ 672,784	\$ 9,034,629	\$ 1,461,144
Total primary government	\$ 44,510,994	\$ 672,784	\$ 9,034,629	\$ 1,461,144
COMPONENT UNITS:				
School Board	\$ 59,608,734	\$ 899,802	\$ 41,298,891	\$ -
Industrial Development Authority	4,146,628	1,804,771	-	2,302,198
Regional Library	437,653	35,298	196,524	-
Total component units	\$ 64,193,015	\$ 2,739,871	\$ 41,495,415	\$ 2,302,198
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumers utility taxes				
Motor vehicle licenses				
Solid waste disposal fee				
Other local taxes				
Unrestricted revenues from use of money and property				
Payments from Halifax County				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government Governmental Activities	Component Units			
	School Board	Industrial Development Authority	Regional Library	
\$ (2,047,597)	\$ -	\$ -	\$ -	
(856,831)	-	-	-	
(4,683,403)	-	-	-	
(3,214,021)	-	-	-	
(2,033,076)	-	-	-	
(16,578,196)	-	-	-	
(468,982)	-	-	-	
(1,219,913)	-	-	-	
(2,240,418)	-	-	-	
<u>\$ (33,342,437)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (33,342,437)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (17,410,041)	\$ -	\$ -	
-	-	(39,659)	-	
-	-	-	(205,831)	
<u>\$ -</u>	<u>\$ (17,410,041)</u>	<u>\$ (39,659)</u>	<u>\$ (205,831)</u>	
\$ 24,306,577	\$ -	\$ -	\$ -	
3,055,579	-	-	-	
900,294	-	-	-	
670,971	-	-	-	
549,846	-	-	-	
987,662	-	-	-	
343,065	-	18,601	-	
-	16,557,438	810,100	175,000	
302,982	1,656,876	-	26,235	
2,667,870	-	-	-	
<u>\$ 33,784,846</u>	<u>\$ 18,214,314</u>	<u>\$ 828,701</u>	<u>\$ 201,235</u>	
\$ 442,409	\$ 804,273	\$ 789,042	\$ (4,596)	
19,274,146	20,462,017	28,058,959	7,242	
<u>\$ 19,716,555</u>	<u>\$ 21,266,290</u>	<u>\$ 28,848,001</u>	<u>\$ 2,646</u>	

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## **Fund Financial Statements**

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Balance Sheet  
Governmental Funds  
June 30, 2013

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,876,684	\$ -	\$ -	\$ 781,370	\$ 8,658,054
Receivables (net of allowance for uncollectibles):					
Taxes receivable	18,954,874	-	-	-	18,954,874
Accounts receivable	237,578	-	-	-	237,578
Notes receivable	60,000	-	-	-	60,000
Due from other funds	658,049	-	-	-	658,049
Due from component units	4,410,345	-	-	-	4,410,345
Due from other governmental units	952,866	658,049	-	101,536	1,712,451
Prepaid items	78,124	-	-	17,373	95,497
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	68,422	-	-	-	68,422
Total assets	<u>\$ 33,296,942</u>	<u>\$ 658,049</u>	<u>\$ -</u>	<u>\$ 900,279</u>	<u>\$ 34,855,270</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 56,116	\$ -	\$ -	\$ 24,553	\$ 80,669
Due to other funds	-	658,049	-	-	658,049
Total liabilities	<u>\$ 56,116</u>	<u>\$ 658,049</u>	<u>\$ -</u>	<u>\$ 24,553</u>	<u>\$ 738,718</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 19,878,436	\$ -	\$ -	\$ -	\$ 19,878,436
Total deferred inflows of resources	<u>\$ 19,878,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,878,436</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	\$ 78,124	\$ -	\$ -	\$ 17,373	\$ 95,497
Restricted:					
Asset forfeiture, state and Federal	68,422	-	-	-	68,422
Committed:					
Future projects/grant matching	-	-	-	415,432	415,432
Airport operations	-	-	-	442,921	442,921
Asset forfeiture, local share	2,233	-	-	-	2,233
E-911 operations	234,374	-	-	-	234,374
Courthouse maintenance	157,216	-	-	-	157,216
Assigned:					
Long-term debt	5,493,681	-	-	-	5,493,681
Unassigned	7,328,340	-	-	-	7,328,340
Total fund balances	<u>\$ 13,362,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,726</u>	<u>\$ 14,238,116</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,296,942</u>	<u>\$ 658,049</u>	<u>\$ -</u>	<u>\$ 900,279</u>	<u>\$ 34,855,270</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,238,116
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 80,941,213	
Less: accumulated depreciation	<u>(21,458,486)</u>	59,482,727

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

Unavailable property taxes	2,792,283
----------------------------	-----------

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

Bonds and notes payable	\$ (51,645,138)	
Capital leases	(323,574)	
Unamortized premium on bonds	(1,107,564)	
Accrued interest payable	(1,036,048)	
Net OPEB obligation	(153,900)	
Compensated absences	(941,745)	
Landfill postclosure liability	<u>(1,588,602)</u>	<u>(56,796,571)</u>

Net position of governmental activities	\$ <u>19,716,555</u>
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The notes to the financial statements are an integral part of this statement.

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2013

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 24,546,393	\$ -	\$ -	\$ -	\$ 24,546,393
Other local taxes	6,164,352	-	-	-	6,164,352
Permits, privilege fees, and regulatory licenses	154,721	-	-	-	154,721
Fines and forfeitures	62,785	-	-	-	62,785
Revenue from the use of money and property	284,088	-	-	58,977	343,065
Charges for services	455,278	-	-	-	455,278
Miscellaneous	114,194	186,726	142	1,919	302,981
Recovered costs	903,938	-	-	-	903,938
Intergovernmental revenues:					
Commonwealth	5,690,889	3,446,170	-	573,104	9,710,163
Federal	63,092	2,071,783	-	1,318,605	3,453,480
Total revenues	<u>\$ 38,439,730</u>	<u>\$ 5,704,679</u>	<u>\$ 142</u>	<u>\$ 1,952,605</u>	<u>\$ 46,097,156</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,241,420	\$ -	\$ -	\$ -	\$ 2,241,420
Judicial administration	1,509,589	-	-	80,006	1,589,595
Public safety	7,141,533	-	-	484,372	7,625,905
Public works	3,322,434	-	-	-	3,322,434
Health and welfare	376,468	7,148,278	-	-	7,524,746
Education	13,138,844	-	-	-	13,138,844
Parks, recreation, and cultural	422,362	-	-	5,000	427,362
Community development	1,505,005	-	-	1,361,351	2,866,356
Nondepartmental	133,077	-	-	-	133,077
Capital projects	-	-	240,286	212,087	452,373
Debt service:					
Principal retirement	3,030,320	-	-	-	3,030,320
Interest and other fiscal charges	2,434,095	-	-	-	2,434,095
Total expenditures	<u>\$ 35,255,147</u>	<u>\$ 7,148,278</u>	<u>\$ 240,286</u>	<u>\$ 2,142,816</u>	<u>\$ 44,786,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,184,583</u>	<u>\$ (1,443,599)</u>	<u>\$ (240,144)</u>	<u>\$ (190,211)</u>	<u>\$ 1,310,629</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 277,979	\$ 1,443,599	\$ 206,480	\$ -	\$ 1,928,058
Transfers out	(1,650,079)	-	(133,207)	(8,494)	(1,791,780)
Total other financing sources (uses)	<u>\$ (1,372,100)</u>	<u>\$ 1,443,599</u>	<u>\$ 73,273</u>	<u>\$ (8,494)</u>	<u>\$ 136,278</u>
Net change in fund balances	\$ 1,812,483	\$ -	\$ (166,871)	\$ (198,705)	\$ 1,446,907
Fund balances - beginning	11,549,907	-	166,871	1,074,431	12,791,209
Fund balances - ending	<u>\$ 13,362,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,726</u>	<u>\$ 14,238,116</u>

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

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2013

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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	\$ 1,446,907
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the details of this difference:

Capital asset additions	\$ 664,779	
Net transfer of joint tenancy assets	(3,522,488)	
Depreciation expense	<u>(915,936)</u>	(3,773,645)

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

Property taxes recognized as revenue	(239,816)
--------------------------------------	-----------

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

(136,278)

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

Principal payments and premium amortization	\$ <u>3,208,122</u>	3,208,122
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in net OPEB obligation	\$ (41,500)	
(Increase) decrease in compensated absences	(49,862)	
(Increase) decrease in accrued interest payable	55,026	
(Increase) decrease in landfill postclosure liability	<u>(26,546)</u>	<u>(62,882)</u>

Change in net position of governmental activities	\$ <u><u>442,409</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position  
Internal Service Fund  
June 30, 2013

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		Health Insurance Fund
		<hr/>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	-
Total assets	\$	-
		<hr/> <hr/>
<b>NET POSITION</b>		
Unrestricted	\$	-
Total net position	\$	-
		<hr/> <hr/>

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

Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Fund  
For the Year Ended June 30, 2013

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	<b>Health Insurance Fund</b>
	<hr/>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ <u>          -</u>
Total operating revenues	\$ <u>          -</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ <u>          -</u>
Total operating expenses	\$ <u>          -</u>
Operating income (loss)	\$ <u>          -</u>
Income before transfers	-
Transfers out	\$ <u>     (136,278)</u>
Change in net position	\$ <u>     (136,278)</u>
Total net position - beginning	<u>         136,278</u>
Total net position - ending	\$ <u><u>          -</u></u>

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

Statement of Cash Flows  
Internal Service Fund  
For the Year Ended June 30, 2013

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	<u>Health Insurance Fund</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	\$ <u>(136,278)</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(136,278)</u>
Net increase (decrease) in cash and cash equivalents	\$ (136,278)
Cash and cash equivalents - beginning	<u>136,278</u>
Cash and cash equivalents - ending	<u>\$ -</u>

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

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 128,715
Total assets	\$ <u>128,715</u>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 14,943
Amounts held for social services clients	31,635
Amounts held for other organizations	82,137
Total liabilities	\$ <u>128,715</u>

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



## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013

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

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

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

#### **A. Financial Statement Presentation**

##### Government-wide and Fund Financial Statements

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

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

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

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

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

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**A. Financial Statement Presentation: (Continued)**

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

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

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

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

**B. Financial Reporting Entity**

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

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

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**C. Individual Component Unit Disclosures**

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

*Discretely Presented Component Units.*

The School Board members are elected by the citizens of Halifax County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding of the school board is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2013.

The Halifax County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority's board members are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2013. Complete financial statements for the Authority are available from the Authority in South Boston, Virginia.

The Halifax County - South Boston Regional Library provides public library services to residents of the County and Town. The County appoints four of the five members of the library board. The library is fiscally dependent upon the County for operating contributions. The financial statements of the library are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2013.

**D. Other Related Organizations**

**Included in the County's Financial Report**

None

**Jointly Governed Organizations**

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

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

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

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

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**D. Other Related Organizations: (Continued)**

**Jointly Governed Organizations: (Continued)**

**Southside Regional Public Service Authority**

The County, in conjunction with the Counties of Mecklenburg and Charlotte are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$858,888 for solid waste transferred to the Authority in fiscal year 2013.

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

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

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

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

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

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

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

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

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

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

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

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

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

**1. Governmental Funds**

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

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

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

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

**1. Governmental Funds: (Continued)**

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

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

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

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

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

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

4. Component Unit

The Halifax County School Board has the following funds:

Governmental Funds:

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



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

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

**4. Component Unit: (Continued)**

Governmental Funds: (Continued)

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

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

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

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

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

**F. Cash and Cash Equivalents**

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

**G. Investments**

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

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

**H. Receivables and Payables**

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

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

## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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#### H. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$554,264 at June 30, 2013 for property taxes.

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

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

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

The County bills and collects its own property taxes.

#### I. Capital Assets

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

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

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

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

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



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

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**J. Compensated Absences**

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

**K. Retirement Plan**

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

**L. Use of Estimates**

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

**M. Fund Equity**

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

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

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

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**M. Fund Equity: (Continued)**

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

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

**N. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**O. Bond Issuance Costs**

Bond issuance costs are expensed as incurred.

**P. Inventory**

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

**Q. Net Position**

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

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

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**R. Net Position Flow Assumption**

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

**S. Deferred Outflows/Inflows of Resources**

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

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

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

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

1. Prior to March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories.

## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, and Capital Projects Funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Expenditures exceeded appropriations in the following funds at June 30, 2013:

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

### Note 3—Deposits and Investments:

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#### Deposits

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

#### Investments

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

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

#### Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2013 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 1,033,022
Total	\$ 1,033,022

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

**External Investment Pools**

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

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

At June 30, 2013, the County has receivables from other governments as follows:

		<b>Component Units</b>	
	<b>Primary Government</b>	<b>School Board</b>	<b>Industrial Development Authority</b>
Component Units:			
Halifax County School Board	\$ 4,160,945	\$ -	\$ -
Halifax County Industrial Development Authority	249,400	-	-
Total due from component units	<u>\$ 4,410,345</u>	<u>\$ -</u>	<u>\$ -</u>
Other Governments:			
Commonwealth of Virginia:			
Local sales tax	\$ 520,118	\$ -	\$ -
Communications tax	187,999	-	-
Shared revenues	27,927	-	-
Shared expenses	204,991	-	-
VPA funds	115,295	-	-
CSA funds	386,158	-	-
State Sales Tax	-	913,243	-
Other state grants	11,832	1,797	82,678
Federal Government:			
School fund grants	-	2,214,334	-
VPA funds	156,595	-	-
Community development block grant	101,536	-	-
Total due from other governments	<u>\$ 1,712,451</u>	<u>\$ 3,129,374</u>	<u>\$ 82,678</u>
Amounts due to other governments are as follows:			
Other Local Governments:			
Halifax County	<u>\$ -</u>	<u>\$ 4,160,947</u>	<u>\$ 249,400</u>

**COUNTY OF HALIFAX, VIRGINIA**

Notes to Financial Statements  
June 30, 2013 (Continued)

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**Note 5—Interfund Obligations:**

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Details of the Primary Government's interfund receivables and payables as of June 30, 2013, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 658,049	\$ -
Virginia Public Assistance	-	658,049
Total	\$ <u>658,049</u>	\$ <u>658,049</u>

**Note 6—Interfund Transfers:**

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Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 277,979	\$ 1,650,079
State and Federal Grants	-	8,494
County Capital Projects	206,480	133,207
Virginia Public Assistance	1,443,599	-
Health Insurance Fund	-	136,278
Total	\$ <u>1,928,058</u>	\$ <u>1,928,058</u>

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**Note 7—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>Primary Government:</b>				
Capital assets not being depreciated:				
Land	\$ 4,867,598	\$ -	\$ -	\$ 4,867,598
Construction in progress	<u>941,126</u>	<u>282,292</u>	<u>863,840</u>	<u>359,578</u>
Total capital assets not being depreciated	\$ <u>5,808,724</u>	\$ <u>282,292</u>	\$ <u>863,840</u>	\$ <u>5,227,176</u>
Capital assets being depreciated:				
Buildings and systems	\$ 69,890,376	\$ 863,840	\$ 2,751,925	\$ 68,002,291
Machinery and equipment	<u>7,329,259</u>	<u>382,487</u>	<u>-</u>	<u>7,711,746</u>
Total capital asset being depreciated	\$ <u>77,219,635</u>	\$ <u>1,246,327</u>	\$ <u>2,751,925</u>	\$ <u>75,714,037</u>
Less accumulated depreciation for:				
Buildings and systems	\$ 13,120,762	\$ 1,763,057	\$ 456,539	\$ 14,427,280
Machinery and equipment	<u>6,651,225</u>	<u>379,981</u>	<u>-</u>	<u>7,031,206</u>
Total accumulated depreciation	\$ <u>19,771,987</u>	\$ <u>2,143,038</u>	\$ <u>456,539</u>	\$ <u>21,458,486</u>
Capital assets, depreciable, net	\$ <u>57,447,648</u>	\$ <u>(896,711)</u>	\$ <u>2,295,386</u>	\$ <u>54,255,551</u>
Net capital assets primary government	\$ <u><u>63,256,372</u></u>	\$ <u><u>(614,419)</u></u>	\$ <u><u>3,159,226</u></u>	\$ <u><u>59,482,727</u></u>
<b>Component Unit—School Board:</b>				
Capital assets not being depreciated:				
Land	\$ <u>130,523</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>130,523</u>
Total capital assets not being depreciated	\$ <u>130,523</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>130,523</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 8,617,846	\$ 803,062	\$ -	\$ 9,420,908
Buildings and systems	<u>33,324,828</u>	<u>2,751,927</u>	<u>-</u>	<u>36,076,755</u>
Total capital assets being depreciated	\$ <u>41,942,674</u>	\$ <u>3,554,989</u>	\$ <u>-</u>	\$ <u>45,497,663</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ 7,009,546	\$ 359,317	\$ -	\$ 7,368,863
Buildings and systems	<u>15,381,512</u>	<u>1,276,308</u>	<u>-</u>	<u>16,657,820</u>
Total accumulated depreciation	\$ <u>22,391,058</u>	\$ <u>1,635,625</u>	\$ <u>-</u>	\$ <u>24,026,683</u>
Capital assets, depreciable, net	\$ <u>19,551,616</u>	\$ <u>1,919,364</u>	\$ <u>-</u>	\$ <u>21,470,980</u>
Net capital assets component unit school board	\$ <u><u>19,682,139</u></u>	\$ <u><u>1,919,364</u></u>	\$ <u><u>-</u></u>	\$ <u><u>21,601,503</u></u>

## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### Note 7—Capital Assets: (Continued)

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	42,463
Public safety		221,476
Public works		626,427
Parks, recreation and cultural		21,070
Community development		4,500
Subtotal depreciation expense - governmental activities	\$	<u>915,936</u>

Depreciation on joint tenancy assets - school board	\$	<u>1,227,102</u>
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Total Governmental activities	\$	<u><u>2,143,038</u></u>
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Component Unit School Board:

Depreciation expense	\$	2,406,186
Depreciation on joint tenancy assets		<u>(770,561)</u>

Total Component Unit School Board	\$	<u><u>1,635,625</u></u>
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Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the Code of Virginia, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Halifax, Virginia for the year ended June 30, 2013, is that school financed assets in the amount of \$49,084,095 are reported in the Primary Government for financial reporting purposes.



COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**Note 8—Long-Term Obligations:**

**Primary Government:**

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

	Balance July 1, 2012	Issuance/ Increases	Retirement/ Decreases	Balance June 30, 2013	Amounts Due Within One Year
<b>Governmental Obligations:</b>					
Incurring by County:					
Compensated absences	\$ 891,883	\$ 49,862	\$ -	\$ 941,745	\$ 94,175
Net OPEB obligation	112,400	47,700	6,200	153,900	-
Landfill postclosure and corrective action costs	1,562,056	26,546	-	1,588,602	-
General obligation bond	534,723	-	45,125	489,598	46,817
Revenue bonds	1,465,365	-	97,018	1,368,347	104,532
Capital lease	448,692	-	125,118	323,574	130,527
Note payable	739,232	-	36,134	703,098	37,016
Total incurred by County	\$ 5,754,351	\$ 124,108	\$ 309,595	\$ 5,568,864	\$ 413,067
Incurring by School Board:					
State Literary Fund Loans	\$ 5,600,151	\$ -	\$ 466,670	\$ 5,133,481	\$ 466,670
General obligation bonds	46,235,869	-	2,285,255	43,950,614	2,384,778
Total incurred by School Board	\$ 51,836,020	\$ -	\$ 2,751,925	\$ 49,084,095	\$ 2,851,448
Premium on bond issuance	1,260,367	-	152,803	1,107,564	145,116
Total incurred by School Board- Financial Statement Presentation	\$ 53,096,387	\$ -	\$ 2,904,728	\$ 50,191,659	\$ 2,996,564
Total Governmental Obligations	\$ 58,850,738	\$ 124,108	\$ 3,214,323	\$ 55,760,523	\$ 3,409,631

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

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

Year Ending June 30,	County Obligations							
	General Obligation Bond		Revenue Bonds		Capital Lease		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 46,817	\$ 18,360	\$ 104,532	\$ 57,866	\$ 130,527	\$ 10,770	\$ 37,016	\$ 31,800
2015	48,573	16,604	107,139	53,840	136,171	5,127	38,778	30,222
2016	50,394	14,783	109,844	49,466	56,876	412	40,541	28,547
2017	52,284	12,893	112,651	44,966	-	-	42,304	26,776
2018	54,244	10,932	120,563	40,257	-	-	44,066	24,896
2019	56,279	8,898	123,584	35,311	-	-	45,829	22,896
2020	58,389	6,788	131,718	30,048	-	-	48,473	20,774
2021	60,579	4,598	134,970	24,490	-	-	50,236	18,428
2022	62,039	2,327	143,346	18,757	-	-	52,880	15,982
2023	-	-	50,000	12,769	-	-	55,523	13,515
2024	-	-	55,000	10,078	-	-	58,167	10,900
2025	-	-	55,000	7,259	-	-	60,811	8,042
2026	-	-	60,000	4,462	-	-	63,455	4,935
2027	-	-	60,000	1,537	-	-	65,019	1,675
Total	\$ <u>489,598</u>	\$ <u>96,183</u>	\$ <u>1,368,347</u>	\$ <u>391,106</u>	\$ <u>323,574</u>	\$ <u>16,309</u>	\$ <u>703,098</u>	\$ <u>259,388</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

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

Year Ending June 30,	Incurred by School Board			
	General Obligation Bonds		State Literary Fund Loans	
	Principal	Interest	Principal	Interest
2014	\$ 2,384,778	\$ 2,078,544	\$ 466,670	\$ 93,336
2015	2,469,799	1,955,490	466,670	84,003
2016	2,590,344	1,826,456	466,670	74,669
2017	2,711,442	1,691,260	466,670	65,336
2018	2,846,095	1,551,517	466,670	56,003
2019	2,979,485	1,406,661	466,670	56,003
2020	3,118,537	1,254,642	466,670	46,669
2021	3,267,990	1,095,335	466,670	37,336
2022	3,413,489	933,830	466,670	28,002
2023	3,564,581	769,619	466,670	18,669
2024	3,730,870	599,880	466,781	9,336
2025	3,892,866	423,655	-	-
2026	4,065,754	239,408	-	-
2027	2,914,584	72,948	-	-
Total	\$ <u>43,950,614</u>	\$ <u>15,899,245</u>	\$ <u>5,133,481</u>	\$ <u>569,362</u>

Year Ending June 30,	School Board	
	Capital Lease	
	Principal	Interest
2014	\$ 111,184	\$ 707
2015	101,068	10,823
2016	102,797	9,095
2017	104,554	7,337
2018	106,342	5,549
2019	108,161	3,731
2020	<u>110,012</u>	<u>1,881</u>
Total	\$ <u>744,118</u>	\$ <u>39,123</u>

## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

### Note 8—Long-Term Obligations: (Continued)

#### Primary Government: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>Revenue Bonds:</u>	
\$985,995 Lease Revenue Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the \$1,500,000 Office Facility Revenue Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of \$99,100.	\$ 728,347
\$670,000 Lease Revenue Bonds, Series 2011 (Energy Efficiency Improvements) dated April 15, 2011 due in annual principal installments through October 2026 with interest payable semi-annually, interest at 2.125% - 5.125%.	<u>640,000</u>
Total Revenue Bonds - Incurred by Primary Government	\$ <u>1,368,347</u>
<u>General Obligation Bond - Incurred by Primary Government:</u>	
\$663,075 General Obligation Refunding Bond dated May 8, 2009, issued to refund the remaining balance of the \$1,000,000 Office Facility General Obligation Bond dated March 30, 1992. The refunding bond is due in annual installments through March 2022 with interest payable semi-annually at a rate of 3.75%. The refunding resulted in an economic gain of \$66,067.	\$ <u>489,598</u>
Total General Obligation Bonds - Incurred by Primary Government	\$ <u>489,598</u>
<u>General Obligation Bonds - Incurred by School Board:</u>	
\$590,000 School Bonds, issued November 22, 1994 through the Virginia Public School Authority, due in annual installments each July 15, through 2014, interest payable semi-annually at rates ranging from 6.1% to 6.6%.	\$ 25,000
\$16,615,000 School Bonds, issued November 10, 2005, through the Virginia Public School Authority, due in annual installments each July 15 through 2025, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	12,560,000
\$31,030,000 School Bonds, issued May 11, 2006, through Virginia Public School Authority, due in annual installments each July 15 through fiscal year 2027, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	24,700,000

# COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

## Note 8—Long-Term Obligations: (Continued)

### Primary Government: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Incurred by School Board: (Continued)</u>	
\$8,920,992 School Bonds, issued November 9, 2006, through the Virginia Public School Authority due in annual installments each July 15 through 2026, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	\$ 6,665,614
Premium on bonds issued	<u>1,107,564</u>
Total General Obligation Bonds - Incurred by School Board	<u>\$ 45,058,178</u>
<u>State Literary Fund Loans:</u>	
\$2,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	\$ 1,243,221
\$4,000,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	2,020,212
\$3,500,000, authorized, due in annual installments over 20 years, interest payable annually at 2%. Amount drawn to date.	<u>1,870,048</u>
Total State Literary Fund Loans	<u>\$ 5,133,481</u>
<u>Capital Lease:</u>	
\$2,200,000 Equipment Lease Purchase Agreement dated November 21, 2001, secured by equipment due in monthly installments of \$22,400 through November 21, 2011, includes interest at 4.12%.	<u>\$ 323,574</u>
Total Capital Lease	<u>\$ 323,574</u>
<u>Note Payable:</u>	
\$900,000 note payable to the Town of South Boston for the Prizery renovations. Interest payable annually at a rate of 1.94%. Principal and interest payable through fiscal year 2027.	<u>\$ 703,098</u>
Compensated absences	<u>\$ 941,745</u>
Net OPEB obligation	<u>\$ 153,900</u>
Accrued landfill postclosure care and corrective action costs	<u>\$ 1,588,602</u>
Total long-term obligations	<u><u>\$ 55,760,523</u></u>

# COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

## Note 8—Long-Term Obligations: (Continued)

### Primary Government: (Continued)

#### Defeased Debt - Current Refundings

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

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

The following is a summary of long-term obligation transactions of the Component Units for the year ended June 30, 2013:

	Balance July 1, 2012	Issuance/ Increases	Retirement/ Decreases	Balance June 30, 2013	Amounts Due Within One Year
<b><u>Component Unit—School Board:</u></b>					
Compensated absences	\$ 1,248,231	\$ -	\$ 307,032	\$ 941,199	\$ 94,120
Capital lease	-	744,118	-	744,118	111,184
Net pension obligation	-	91,145	-	91,145	-
Net OPEB obligation	34,300	299,300	237,300	96,300	-
Total long-term obligations	\$ <u>1,282,531</u>	\$ <u>1,134,563</u>	\$ <u>544,332</u>	\$ <u>1,872,762</u>	\$ <u>205,304</u>

#### Capital Lease:

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

	Balance July 1, 2012	Issuance/ Increases	Retirement/ Decreases	Balance June 30, 2013	Due Within One Year
<b><u>Component Unit—Library:</u></b>					
Net OPEB obligation	\$ <u>2,900</u>	\$ <u>1,000</u>	\$ -	\$ <u>3,900</u>	\$ -
Total long-term obligations	\$ <u>2,900</u>	\$ <u>1,000</u>	\$ -	\$ <u>3,900</u>	\$ -

## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### Note 9—Landfill Postclosure Costs:

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State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a liability for a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. Closure of the County's landfill site is complete. The \$1,207,875 reported as landfill postclosure care liability, and corrective action liability of \$373,722 at June 30, 2013, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care and corrective action in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. Additionally, the County reports closure care liability in the amount of \$7,005, the estimated liability for the transfer station. The County intends to fund these costs from tipping fee revenues and from any fund accumulated for this purpose, including available bond issue proceeds in the County Capital Projects Fund. The County provides for financial assurance requirements for closure and postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code.

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

### Note 10—Deferred Inflows of Resources:

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

#### Primary Government - Deferred Inflows of Resources

##### General fund:

Delinquent taxes not collected within 60 days	\$ 2,792,283
Prepaid property taxes - property taxes paid in advance	1,264,582
2nd half property tax assessments	15,821,571
Total deferred inflows of resources - governmental funds (Exhibit 3)	<u>\$ 19,878,436</u>

### Note 11—Commitments and Contingencies:

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

## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### Note 11—Commitments and Contingencies: (Continued)

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

### Note 12—Litigation:

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At June 30, 2013, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

### Note 13—Risk Management:

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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 joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

### Note 14—Defined Benefit Pension Plan:

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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 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 service credit in their plan.



**Note 14—Defined Benefit Pension Plan: (Continued)**

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 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 as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 6.00%; under Plan 2, the COLA cannot exceed 5.00%. 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 website at <http://www.varetire.org/PDF/Publications/2012-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

# COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board nonprofessional's contribution rate for the fiscal year ended June 30, 2013 were 10.84% and 10.43% of the annual covered payroll, respectively.

The School Board's contribution rate for fiscal year 2013 was 11.66% for professional employees. For the three years ended June 30, 2013, 2012 and 2011, employer contributions paid to the VRS statewide cost-sharing pool for professional employees of the School Board (excluding the employee share) totaled \$3,197,699, \$1,744,293 and \$1,114,569, respectively, representing 11.66%, 6.33% and 3.93 of annual covered payroll.

### C. Annual Pension Cost

For the fiscal year ended June 30, 2013, the County's annual pension cost of \$799,065 was equal to the required and actual contributions. The School Board's annual pension cost for non-professional employees in the amount of \$421,059 was less than the required contributions and actual contributions by \$91,145 as noted below.

#### Three-Year Trend Information for County - Primary Government

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 571,064	100%	\$ -
June 30, 2012	567,252	100%	-
June 30, 2013	799,065	100%	-

(1) Employer portion only

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

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 223,423	100%	\$ -
June 30, 2012	218,197	100%	-
June 30, 2013	421,059	78%	91,145

(1) Employer portion only

**Note 14—Defined Benefit Pension Plan: (Continued)**

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**C. Annual Pension Cost: (Continued)**

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

**D. Funded Status and Funding Progress**

County

As of June 30, 2012, the most recent actuarial valuation date, the plan was 79.99% funded. The actuarial accrued liability for benefits was \$33,608,699, and the actuarial value of assets was \$26,882,902, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,725,797. The covered payroll (annual payroll of active employees covered by the plan) was \$7,160,013 and the ratio of the UAAL to the covered payroll was 93.94%.

School Board (non-professional employees)

As of June 30, 2012, the most recent actuarial valuation date, the plan was 76.42% funded. The actuarial accrued liability for benefits was \$13,693,480, and the actuarial value of assets was \$10,465,209, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,228,271. The covered payroll (annual payroll of active employees covered by the plan) was \$3,090,616 and the ratio of the UAAL to the covered payroll was 104.45%.

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

## COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### Note 15—Surety Bonds:

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

### Note 16—Other Postemployment Benefits—Health Insurance:

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#### Background

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

#### A. Plan Description

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

# COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

### Plan Description: (Continued)

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

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

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

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits for the County, School Board, and Library was \$47,700, \$299,300, \$1,000, respectively, for fiscal year 2013. The County and component units have paid \$6,200, \$237,300, and \$0, respectively towards this obligation during the fiscal year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

	<u>County</u>	<u>School Board</u>	<u>Regional Library</u>
Annual required contribution	\$ 47,800	\$ 299,300	\$ 1,000
Interest on net OPEB obligation	4,883	1,400	100
Adjustment to annual required contribution	(4,983)	(1,400)	(100)
Annual OPEB cost (expense)	\$ 47,700	\$ 299,300	\$ 1,000
Estimated contributions made	(6,200)	(237,300)	-
Increase in net OPEB obligation	\$ 41,500	\$ 62,000	\$ 1,000
Net OPEB obligation, beginning of year	112,400	34,300	2,900
Net OPEB obligation, end of year	<u>\$ 153,900</u>	<u>\$ 96,300</u>	<u>\$ 3,900</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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

For 2013, the County School Board's, and Library's expected cash payments of \$6,200, \$237,300, and \$0, respectively were \$41,500, \$62,000, and \$1,000 less than the OPEB cost, respectively. The County's and component unit's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 are as follows:

County:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 47,891	38%	\$ 80,500
June 30, 2012	54,900	42%	112,400
June 30, 2013	47,700	13%	153,900

School Board:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 290,083	107%	\$ 79,600
June 30, 2012	299,800	115%	34,300
June 30, 2013	299,300	79%	96,300

Regional Library:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 2,800	82%	\$ 2,700
June 30, 2012	3,000	93%	2,900
June 30, 2013	1,000	0%	3,900

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

The funded status of the plan as of June 30, 2013 (based on the July 1, 2012 valuation) is as follows:

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

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

**E. Actuarial Methods and Assumptions**

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

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



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

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

Cost Method

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

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

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

Assumptions

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

**VRS Health Insurance Credit Program**

**A. Plan Description**

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

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



COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

**VRS Health Insurance Credit Program: (Continued)**

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

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

**B. Funding Policy**

As a participating local political subdivision, the County and School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County and School Board's nonprofessional contribution rate for the fiscal year ended June 30, 2013 was .32% and .70%, respectively, of annual covered payroll.

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

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

For 2013, the County and School Board's contribution of \$10,062 and \$37,407, respectively, was equal to the ARC and OPEB cost. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

	<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
<b>County:</b>				
	June 30, 2013	\$ 10,062	100%	-
	June 30, 2012	9,354	100%	-
	June 30, 2011	9,417	100%	-
<b>School Board (nonprofessional):</b>				
	June 30, 2013	\$ 37,407	100%	-
	June 30, 2012	20,837	100%	-
	June 30, 2011	21,336	100%	-

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

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 160,723	\$ 371,903
Actuarial value of plan assets	93,754	114,209
Unfunded actuarial accrued liability (UAAL)	66,969	257,694
Funded Ratio (actuarial value of plan assets / AAL)	58.33%	30.71%
Covered payroll (active plan members)	3,276,279	3,090,616
UAAL as a percentage of covered payroll	2.04%	8.34%

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

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

**E. Actuarial Methods and Assumptions**

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 29 years.

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

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**VRS Health Insurance Credit Program: (Continued)**

**F. Professional Employees - Discretely Presented Component Unit School Board**

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

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

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

**Note 17—Restricted Cash:**

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Cash is temporarily restricted for the following purposes:

Asset forfeiture	\$	68,422
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**Note 18—Adoption of Accounting Principles:**

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**Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board:**

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

**Note 18—Adoption of Accounting Principles: (Continued)**

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**Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board:**

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

**Note 19—Upcoming GASB Pronouncements:**

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In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions and to better report pension expense and pension liabilities. This statement is effective for periods beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

### **Required Supplementary Information**

Note to Required Supplementary Information:

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

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## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 24,200,000	\$ 24,200,000	\$ 24,546,393	\$ 346,393
Other local taxes	5,481,000	5,481,000	6,164,352	683,352
Permits, privilege fees, and regulatory licenses	161,000	161,000	154,721	(6,279)
Fines and forfeitures	70,000	70,000	62,785	(7,215)
Revenue from the use of money and property	317,645	317,645	284,088	(33,557)
Charges for services	553,966	557,070	455,278	(101,792)
Miscellaneous	322,705	330,057	114,194	(215,863)
Recovered costs	323,974	913,570	903,938	(9,632)
Intergovernmental revenues:				
Commonwealth	5,491,170	5,907,837	5,690,889	(216,948)
Federal	15,000	15,000	63,092	48,092
Total revenues	\$ 36,936,460	\$ 37,953,179	\$ 38,439,730	\$ 486,551
EXPENDITURES				
Current:				
General government administration	\$ 2,330,010	\$ 2,419,946	\$ 2,241,420	\$ 178,526
Judicial administration	1,564,847	1,646,858	1,509,589	137,269
Public safety	7,196,091	7,362,254	7,141,533	220,721
Public works	3,689,666	3,928,372	3,322,434	605,938
Health and welfare	328,849	328,849	376,468	(47,619)
Education	12,970,743	13,220,743	13,138,844	81,899
Parks, recreation, and cultural	414,954	416,554	422,362	(5,808)
Community development	1,293,036	1,537,048	1,505,005	32,043
Nondepartmental	144,681	144,681	133,077	11,604
Debt service:				
Principal retirement	3,030,320	3,030,320	3,030,320	-
Interest and other fiscal charges	2,434,096	2,434,096	2,434,095	1
Total expenditures	\$ 35,397,293	\$ 36,469,721	\$ 35,255,147	\$ 1,214,574
Excess (deficiency) of revenues over (under) expenditures	\$ 1,539,167	\$ 1,483,458	\$ 3,184,583	\$ 1,701,125
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 277,979	277,979
Transfers out	(1,539,167)	(1,758,307)	(1,650,079)	108,228
Total other financing sources (uses)	\$ (1,539,167)	\$ (1,758,307)	\$ (1,372,100)	\$ 386,207
Net change in fund balances	\$ -	\$ (274,849)	\$ 1,812,483	\$ 2,087,332
Fund balances - beginning	-	274,849	11,549,907	11,275,058
Fund balances - ending	\$ -	\$ -	\$ 13,362,390	\$ 13,362,390

## Virginia Public Assistance Fund

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

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 186,726	\$ 186,726
Intergovernmental revenues:				
Commonwealth	3,020,159	3,020,159	3,446,170	426,011
Federal	2,497,057	2,650,726	2,071,783	(578,943)
Total revenues	<u>\$ 5,517,216</u>	<u>\$ 5,670,885</u>	<u>\$ 5,704,679</u>	<u>\$ 33,794</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 6,909,946	\$ 7,213,615	\$ 7,148,278	\$ 65,337
Total expenditures	<u>\$ 6,909,946</u>	<u>\$ 7,213,615</u>	<u>\$ 7,148,278</u>	<u>\$ 65,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,392,730)</u>	<u>\$ (1,542,730)</u>	<u>\$ (1,443,599)</u>	<u>\$ 99,131</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,392,730	\$ 1,542,730	\$ 1,443,599	\$ (99,131)
Total other financing sources (uses)	<u>\$ 1,392,730</u>	<u>\$ 1,542,730</u>	<u>\$ 1,443,599</u>	<u>\$ (99,131)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



## Schedule of Pension Funding Progress - Virginia Retirement System

## County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 26,882,902	\$ 33,608,699	\$ 6,725,797	79.99%	\$ 7,160,013	93.94%
6/30/2011	26,804,954	32,304,129	5,499,175	82.98%	7,452,618	73.79%
6/30/2010	26,285,639	31,046,254	4,760,615	84.67%	7,590,917	62.71%

## School Board Non-Professionals:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 10,465,209	\$ 13,693,480	\$ 3,228,271	76.42%	\$ 3,090,616	104.45%
6/30/2011	10,639,148	13,186,527	2,547,379	80.68%	3,054,679	83.39%
6/30/2010	10,594,200	12,967,869	2,373,669	81.70%	3,237,547	73.32%

## Schedule of OPEB Funding Progress

## County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 411,100	\$ 411,100	0.00%	\$ n/a	n/a
7/1/2010	-	395,000	395,000	0.00%	n/a	n/a
7/1/2012	-	396,100	396,100	0.00%	n/a	n/a

## School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 2,632,600	\$ 2,632,600	0.00%	\$ n/a	n/a
7/1/2010	-	3,704,300	3,704,300	0.00%	n/a	n/a
7/1/2012	-	3,336,200	3,336,200	0.00%	n/a	n/a

## Regional Library:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 11,400	\$ 11,400	0.00%	\$ n/a	n/a
7/1/2010	-	40,000	40,000	0.00%	n/a	n/a
7/1/2012	-	7,700	7,700	0.00%	n/a	n/a

## County - VRS Health Insurance Credit Program:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 86,416	\$ 180,215	\$ 93,799	47.95%	\$ 7,590,917	1.24%
6/30/2011	98,269	167,604	69,335	58.63%	3,281,825	2.11%
6/30/2012	93,754	160,723	66,969	58.33%	3,276,279	2.04%

## School Board - VRS Health Insurance Credit Program:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 101,068	\$ 357,729	\$ 256,661	28.25%	\$ 3,237,547	7.93%
6/30/2011	118,477	363,438	244,961	32.60%	3,054,679	8.02%
6/30/2012	114,209	371,903	257,694	30.71%	3,090,616	8.34%

**Other Supplementary Information**

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
County Capital Projects Fund  
For the Year Ended June 30, 2013

	County Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 142	\$ 142
Intergovernmental revenues:				
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 142	\$ 142
EXPENDITURES				
Capital projects	\$ 125,000	\$ 234,580	\$ 240,286	\$ (5,706)
Total expenditures	\$ 125,000	\$ 234,580	\$ 240,286	\$ (5,706)
Excess (deficiency) of revenues over (under) expenditures	\$ (125,000)	\$ (234,580)	\$ (240,144)	\$ (5,564)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 125,000	\$ 189,580	\$ 206,480	\$ 16,900
Transfers out	-	-	(133,207)	(133,207)
Total other financing sources (uses)	\$ 125,000	\$ 189,580	\$ 73,273	\$ (116,307)
Net change in fund balances	\$ -	\$ (45,000)	\$ (166,871)	\$ (121,871)
Fund balances - beginning	-	45,000	166,871	121,871
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 781,370	\$ 781,370
Due from other governmental units	101,536	101,536
Prepaid items	17,373	17,373
Total assets	\$ <u>900,279</u>	\$ <u>900,279</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 24,553	\$ 24,553
Total liabilities	\$ <u>24,553</u>	\$ <u>24,553</u>
Fund balances:		
Nonspendable:		
Prepaid items	\$ 17,373	\$ 17,373
Committed:		
Future projects/grant matching	415,432	415,432
Airport operations	442,921	442,921
Total fund balances	\$ <u>875,726</u>	\$ <u>875,726</u>
Total liabilities and fund balances	\$ <u>900,279</u>	\$ <u>900,279</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2013

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>		
Revenue from the use of money and property	\$ 58,977	58,977
Miscellaneous	1,919	\$ 1,919
Intergovernmental revenues:		
Commonwealth	573,104	573,104
Federal	1,318,605	1,318,605
Total revenues	\$ <u>1,952,605</u>	\$ <u>1,952,605</u>
<b>EXPENDITURES</b>		
Current:		
Judicial administration	\$ 80,006	\$ 80,006
Public safety	484,372	484,372
Parks, recreation, and cultural	5,000	5,000
Community development	1,361,351	1,361,351
Capital projects	212,087	212,087
Total expenditures	\$ <u>2,142,816</u>	\$ <u>2,142,816</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(190,211)</u>	\$ <u>(190,211)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	\$ <u>(8,494)</u>	\$ <u>(8,494)</u>
Total other financing sources (uses)	\$ <u>(8,494)</u>	\$ <u>(8,494)</u>
Net change in fund balances	\$ (198,705)	\$ (198,705)
Fund balances - beginning	1,074,431	1,074,431
Fund balances - ending	\$ <u><u>875,726</u></u>	\$ <u><u>875,726</u></u>

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2013

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 317,057	\$ 464,313	\$ 781,370
Due from other governmental units	101,536	-	101,536
Prepaid items	17,373	-	17,373
Total assets	<u>\$ 435,966</u>	<u>\$ 464,313</u>	<u>\$ 900,279</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 3,161	\$ 21,392	\$ 24,553
Total liabilities	<u>\$ 3,161</u>	<u>\$ 21,392</u>	<u>\$ 24,553</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 17,373	\$ -	\$ 17,373
Committed:			
Future projects/grant matching	415,432	-	415,432
Airport operations	-	442,921	442,921
Total fund balances	<u>\$ 432,805</u>	<u>\$ 442,921</u>	<u>\$ 875,726</u>
Total liabilities and fund balances	<u>\$ 435,966</u>	<u>\$ 464,313</u>	<u>\$ 900,279</u>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2013

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 58,977	\$ 58,977
Miscellaneous	1,919	-	1,919
Intergovernmental revenues:			
Commonwealth	570,670	2,434	573,104
Federal	1,318,605	-	1,318,605
Total revenues	<u>\$ 1,891,194</u>	<u>\$ 61,411</u>	<u>\$ 1,952,605</u>
<b>EXPENDITURES</b>			
Current:			
Judicial administration	\$ 80,006	\$ -	\$ 80,006
Public safety	484,372	-	484,372
Parks, recreation, and cultural	5,000	-	5,000
Community development	1,295,181	66,170	1,361,351
Capital projects	-	212,087	212,087
Total expenditures	<u>\$ 1,864,559</u>	<u>\$ 278,257</u>	<u>\$ 2,142,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 26,635</u>	<u>\$ (216,846)</u>	<u>\$ (190,211)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(8,494)	-	(8,494)
Total other financing sources (uses)	<u>\$ (8,494)</u>	<u>\$ -</u>	<u>\$ (8,494)</u>
Net change in fund balances	\$ 18,141	\$ (216,846)	\$ (198,705)
Fund balances - beginning	414,664	659,767	1,074,431
Fund balances - ending	<u><u>\$ 432,805</u></u>	<u><u>\$ 442,921</u></u>	<u><u>\$ 875,726</u></u>

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2013

	State and Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	1,919	1,919
Intergovernmental revenues:				
Commonwealth	573,003	613,262	570,670	(42,592)
Federal	-	-	1,318,605	1,318,605
Total revenues	\$ 573,003	\$ 613,262	\$ 1,891,194	\$ 1,277,932
EXPENDITURES				
Current:				
Judicial administration	\$ 57,050	\$ 56,057	\$ 80,006	\$ (23,949)
Public safety	498,453	494,464	484,372	10,092
Parks, recreation, and cultural	5,000	5,000	5,000	-
Community development	33,937	83,738	1,295,181	(1,211,443)
Capital projects	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ 594,440	\$ 639,259	\$ 1,864,559	\$ (1,225,300)
Excess (deficiency) of revenues over (under) expenditures	\$ (21,437)	\$ (25,997)	\$ 26,635	\$ 52,632
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 21,437	\$ 25,997	\$ -	\$ (25,997)
Transfers out			(8,494)	(8,494)
Total other financing sources (uses)	\$ 21,437	\$ 25,997	\$ (8,494)	\$ (34,491)
Net change in fund balances	\$ -	\$ -	\$ 18,141	\$ 18,141
Fund balances - beginning	-	-	414,664	414,664
Fund balances - ending	\$ -	\$ -	\$ 432,805	\$ 432,805

William M. Tuck Airport Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive (Negative)	
\$ 61,000	\$ 61,000	\$ 58,977	\$ (2,023)	
-	-	-	-	
-	-	2,434	2,434	
-	-	-	-	
\$ 61,000	\$ 61,000	\$ 61,411	\$ 411	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
54,532	54,532	66,170	(11,638)	
-	-	212,087	(212,087)	
6,402	6,402	-	6,402	
66	66	-	66	
\$ 61,000	\$ 61,000	\$ 278,257	\$ (217,257)	
\$ -	\$ -	\$ (216,846)	\$ (216,846)	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ (216,846)	\$ (216,846)	
-	-	520,708	520,708	
\$ -	\$ -	\$ 303,862	\$ 303,862	

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2013

	Agency Funds			
	Special Welfare	Halifax County War Memorial	Heritage Festival	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,635	\$ 14,943	\$ 82,137	\$ 128,715
<b>LIABILITIES</b>				
Accrued liabilities	\$ -	\$ 14,943	\$ -	\$ 14,943
Amounts held for social services clients	31,635	-	-	31,635
Amounts held for other organizations	-	-	82,137	82,137
Total liabilities	\$ 31,635	\$ 14,943	\$ 82,137	\$ 128,715

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 24,046	\$ 110,225	\$ 102,636	\$ 31,635
Liabilities:				
Amounts held for social service clients	\$ 24,046	\$ 110,225	\$ 102,636	\$ 31,635
Heritage Festival:				
Assets:				
Cash and cash equivalents	\$ 80,477	\$ 41,619	\$ 39,959	\$ 82,137
Liabilities:				
Amounts held for other organizations	\$ 80,477	\$ 41,619	\$ 39,959	\$ 82,137
Halifax County War Memorial:				
Assets:				
Cash and cash equivalents	\$ 14,943	\$ -	\$ -	\$ 14,943
Liabilities:				
Accrued liabilities	\$ 14,943	\$ -	\$ -	\$ 14,943
Southside Community Services Board:				
Assets:				
Cash and cash equivalents	\$ -	\$ 3,097,325	\$ 3,097,325	\$ -
Liabilities:				
Amounts held for other organizations	\$ -	\$ 3,097,325	\$ 3,097,325	\$ -
Undistributed Local Sales Tax Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 474,915	\$ 474,915	\$ -
Liabilities:				
Amounts held for other organizations	\$ -	\$ 474,915	\$ 474,915	\$ -
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 119,466	\$ 3,724,084	\$ 3,714,835	\$ 128,715
Liabilities:				
Amounts held for social service clients	\$ 24,046	\$ 110,225	\$ 102,636	\$ 31,635
Accrued liabilities	14,943	-	-	14,943
Amounts held for others	80,477	3,613,859	3,612,199	82,137
Total liabilities	\$ 119,466	\$ 3,724,084	\$ 3,714,835	\$ 128,715

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2013

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,862,801	\$ 1,458,586	\$ 512,939	\$ 6,834,326
Receivables (net of allowance for uncollectibles):				
Accounts receivable	321,335	-	-	321,335
Due from other governmental units	3,110,947	-	18,427	3,129,374
Inventories	-	-	-	-
Prepaid items	457,194	-	-	457,194
Total assets	<u>\$ 8,752,277</u>	<u>\$ 1,458,586</u>	<u>\$ 531,366</u>	<u>\$ 10,742,229</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 155,872	\$ 278,815	\$ 24,993	\$ 459,680
Accrued liabilities	4,435,460	-	148,595	4,584,055
Due to primary government	4,160,945	-	-	4,160,945
Total liabilities	<u>\$ 8,752,277</u>	<u>\$ 278,815</u>	<u>\$ 173,588</u>	<u>\$ 9,204,680</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 457,194	\$ -	\$ -	\$ 457,194
Committed:				
Education - major capital projects	-	1,179,771	-	1,179,771
Education - food service	-	-	195,174	195,174
Education - textbooks	-	-	162,604	162,604
Unassigned	(457,194)	-	-	(457,194)
Total fund balances	<u>\$ -</u>	<u>\$ 1,179,771</u>	<u>\$ 357,778</u>	<u>\$ 1,537,549</u>
Total liabilities and fund balances	<u>\$ 8,752,277</u>	<u>\$ 1,458,586</u>	<u>\$ 531,366</u>	<u>\$ 10,742,229</u>

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

Total fund balances per above	\$ 1,537,549
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	\$ 45,628,186
Less: accumulated depreciation	<u>(24,026,683)</u>
	21,601,503
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net OPEB obligation	(96,300)
Net pension obligation	(91,145)
Capital lease	(744,118)
Compensated absences	<u>(941,199)</u>
	(1,872,762)
Net position of governmental activities	<u>\$ 21,266,290</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2013

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 899,802	\$ 899,802
Miscellaneous	1,656,876	-	-	1,656,876
Intergovernmental revenues:				
Local government	13,074,101	-	-	13,074,101
Commonwealth	34,066,661	-	47,637	34,114,298
Federal	5,078,705	-	2,105,888	7,184,593
Total revenues	<u>\$ 53,876,343</u>	<u>\$ -</u>	<u>\$ 3,053,327</u>	<u>\$ 56,929,670</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 54,581,310	\$ -	\$ 3,266,562	\$ 57,847,872
Capital projects	-	311,625	-	311,625
Debt service:				
Principal retirement	25,000	-	-	25,000
Interest and other fiscal charges	14,151	-	-	14,151
Total expenditures	<u>\$ 54,620,461</u>	<u>\$ 311,625</u>	<u>\$ 3,266,562</u>	<u>\$ 58,198,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (744,118)</u>	<u>\$ (311,625)</u>	<u>\$ (213,235)</u>	<u>\$ (1,268,978)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital leases	\$ 744,118	\$ -	\$ -	\$ 744,118
Total other financing sources (uses)	<u>\$ 744,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,118</u>
Net change in fund balances	\$ -	\$ (311,625)	\$ (213,235)	\$ (524,860)
Fund balances - beginning	-	1,491,396	571,013	2,062,409
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,179,771</u>	<u>\$ 357,778</u>	<u>\$ 1,537,549</u>

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

Net change in fund balances - total governmental funds - per above	\$ (524,860)
--	--------------

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

Capital asset additions	\$ 803,062	
Net transfer of joint tenancy assets	3,522,488	
Depreciation expense	<u>(2,406,186)</u>	1,919,364

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

(Increase) decrease in net OPEB obligation	\$ (62,000)	
(Increase) decrease in net pension obligation	(91,145)	
(Increase) decrease in capital lease	(744,118)	
(Increase) decrease in compensated absences	<u>307,032</u>	<u>(590,231)</u>

Change in net assets of governmental activities	\$ <u>804,273</u>
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COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2013

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 1,605,000	\$ 1,605,000	\$ 1,656,876	\$ 51,876
Intergovernmental revenues:				
Local government	13,156,000	13,156,000	13,074,101	(81,899)
Commonwealth	34,405,384	34,405,384	34,066,661	(338,723)
Federal	5,350,000	5,350,000	5,078,705	(271,295)
Total revenues	<u>\$ 54,516,384</u>	<u>\$ 54,516,384</u>	<u>\$ 53,876,343</u>	<u>\$ (640,041)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 55,241,197	\$ 55,241,197	\$ 54,581,310	\$ 659,887
Capital projects	-	-	-	-
Debt service:				
Principal retirement	30,000	30,000	25,000	5,000
Interest and other fiscal charges	5,790	5,790	14,151	(8,361)
Total expenditures	<u>\$ 55,276,987</u>	<u>\$ 55,276,987</u>	<u>\$ 54,620,461</u>	<u>\$ 656,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (760,603)</u>	<u>\$ (760,603)</u>	<u>\$ (744,118)</u>	<u>\$ 16,485</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ -	\$ -	\$ 744,118	\$ 744,118
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,118</u>	<u>\$ 744,118</u>
Net change in fund balances	\$ (760,603)	\$ (760,603)	\$ -	\$ 760,603
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ (760,603)</u></u>	<u><u>\$ (760,603)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 760,603</u></u>



School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 311,625	\$ (311,625)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 311,625	\$ (311,625)
\$ -	\$ -	\$ (311,625)	\$ (311,625)
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (311,625)	\$ (311,625)
-	-	1,491,396	1,491,396
\$ -	\$ -	\$ 1,179,771	\$ 1,179,771

## Combining Balance Sheet

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

June 30, 2013

	School Cafeteria Fund	School Textbook Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 318,543	\$ 194,396	\$ 512,939
Due from other governmental units	18,427	-	18,427
Total assets	<u>\$ 336,970</u>	<u>\$ 194,396</u>	<u>\$ 531,366</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 24,993	\$ 24,993
Accrued liabilities	141,796	6,799	148,595
Total liabilities	<u>\$ 141,796</u>	<u>\$ 31,792</u>	<u>\$ 173,588</u>
Fund balances:			
Committed:			
Education - food service	\$ 195,174	\$ -	\$ 195,174
Education - textbooks	-	162,604	162,604
Total fund balances	<u>\$ 195,174</u>	<u>\$ 162,604</u>	<u>\$ 357,778</u>
Total liabilities and fund balances	<u>\$ 336,970</u>	<u>\$ 194,396</u>	<u>\$ 531,366</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2013

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	School Cafeteria Fund	School Textbook Fund	Total
<b>REVENUES</b>			
Charges for services	\$ 886,110	\$ 13,692	\$ 899,802
Intergovernmental revenues:			
Commonwealth	47,637	-	47,637
Federal	2,105,888	-	2,105,888
Total revenues	<u>\$ 3,039,635</u>	<u>\$ 13,692</u>	<u>\$ 3,053,327</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 3,027,540	\$ 239,022	\$ 3,266,562
Total expenditures	<u>\$ 3,027,540</u>	<u>\$ 239,022</u>	<u>\$ 3,266,562</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,095</u>	<u>\$ (225,330)</u>	<u>\$ (213,235)</u>
Net change in fund balances	\$ 12,095	\$ (225,330)	\$ (213,235)
Fund balances - beginning	183,079	387,934	571,013
Fund balances - ending	<u>\$ 195,174</u>	<u>\$ 162,604</u>	<u>\$ 357,778</u>

COUNTY OF HALIFAX, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2013

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 850,000	\$ 850,000	\$ 886,110	\$ 36,110
Intergovernmental revenues:				
Commonwealth	-	-	47,637	47,637
Federal	2,000,000	2,000,000	2,105,888	105,888
Total revenues	\$ 2,850,000	\$ 2,850,000	\$ 3,039,635	\$ 189,635
EXPENDITURES				
Current:				
Education	\$ 2,850,000	\$ 2,850,000	\$ 3,027,540	\$ (177,540)
Total expenditures	\$ 2,850,000	\$ 2,850,000	\$ 3,027,540	\$ (177,540)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 12,095	\$ 12,095
Net change in fund balances	\$ -	\$ -	\$ 12,095	\$ 12,095
Fund balances - beginning	-	-	183,079	183,079
Fund balances - ending	\$ -	\$ -	\$ 195,174	\$ 195,174

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 13,692	\$ 13,692
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 13,692	\$ 13,692
\$ -	\$ -	\$ 239,022	\$ (239,022)
\$ -	\$ -	\$ 239,022	\$ (239,022)
\$ -	\$ -	\$ (225,330)	\$ (225,330)
\$ -	\$ -	\$ (225,330)	\$ (225,330)
		387,934	387,934
\$ -	\$ -	\$ 162,604	\$ 162,604

## Balance Sheet

Discretely Presented Component Unit - Regional Library

June 30, 2013

	<u>Regional Library</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,546
Total assets	<u>\$ 6,546</u>
<b>FUND BALANCES</b>	
Fund balance:	
Assigned	
Library operations	\$ 6,546
Total fund balances	<u>\$ 6,546</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 6,546
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,900)</u>
Net position of governmental activities	<u>\$ 2,646</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Discretely Presented Component Unit - Regional Library  
For the Year Ended June 30, 2013

	<u>Regional Library</u>
<b>REVENUES</b>	
Charges for services	\$ 35,298
Miscellaneous	26,235
Intergovernmental revenues:	
Local government	251,000
Commonwealth	120,524
Total revenues	<u>\$ 433,057</u>
<b>EXPENDITURES</b>	
Current:	
Parks, recreation, and cultural	\$ 436,653
Total expenditures	<u>\$ 436,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,596)</u>
Net change in fund balances	\$ (3,596)
Fund balances - beginning	10,142
Fund balances - ending	<u><u>\$ 6,546</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ (3,596)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(1,000)</u>
Change in net position of governmental activities	<u><u>\$ (4,596)</u></u>

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## **Supporting Schedules**

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Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,400,000	\$ 11,400,000	\$ 12,165,824	\$ 765,824
Real and personal public service corporation taxes	5,100,000	5,100,000	4,243,887	(856,113)
Personal property taxes	5,825,000	5,825,000	5,963,671	138,671
Mobile home taxes	70,000	70,000	58,970	(11,030)
Machinery and tools taxes	1,250,000	1,250,000	1,350,406	100,406
Penalties and administrative fees	355,000	355,000	428,901	73,901
Interest	200,000	200,000	334,734	134,734
Total general property taxes	\$ 24,200,000	\$ 24,200,000	\$ 24,546,393	\$ 346,393
Other local taxes:				
Local sales and use taxes	\$ 2,601,000	\$ 2,601,000	\$ 3,055,579	\$ 454,579
Consumers' utility taxes	900,000	900,000	900,294	294
Utility consumption tax	100,000	100,000	107,630	7,630
Business license taxes	200,000	200,000	231,142	31,142
Utility license taxes	55,000	55,000	43,660	(11,340)
Motor vehicle licenses	650,000	650,000	670,971	20,971
Solid waste disposal fee	500,000	500,000	549,846	49,846
Taxes on recordation and wills	150,000	150,000	170,348	20,348
Hotel and motel room taxes	175,000	175,000	184,248	9,248
Meals tax	150,000	150,000	250,634	100,634
Total other local taxes	\$ 5,481,000	\$ 5,481,000	\$ 6,164,352	\$ 683,352
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 40,000	\$ 40,000	\$ 34,440	\$ (5,560)
Transfer fees	1,000	1,000	1,071	71
Building permits	120,000	120,000	119,210	(790)
Total permits, privilege fees, and regulatory licenses	\$ 161,000	\$ 161,000	\$ 154,721	\$ (6,279)
Fines and forfeitures:				
Court fines and forfeitures	\$ 70,000	\$ 70,000	\$ 62,785	\$ (7,215)
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 2,169	\$ (7,831)
Revenue from use of property	307,645	307,645	281,919	(25,726)
Total revenue from use of money and property	\$ 317,645	\$ 317,645	\$ 284,088	\$ (33,557)
Charges for services:				
Charges for law library	\$ 8,500	\$ 8,500	\$ 16,451	\$ 7,951
Charges for law enforcement and traffic control	2,717	2,717	537	(2,180)
Charges for courthouse maintenance	22,000	22,000	18,387	(3,613)
Courthouse construction fees	25,000	25,000	22,372	(2,628)
Charges for courthouse security	60,000	60,000	49,931	(10,069)
Charges for commonwealth's attorney	1,500	1,500	2,737	1,237
Animal redemption fees	3,500	5,004	4,069	(935)

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 410,000	\$ 410,000	\$ 296,549	\$ (113,451)
Charges for parks and recreation	5,749	7,349	5,790	(1,559)
Charges for planning fees	15,000	15,000	13,892	(1,108)
Charges for project lifesaver program	-	-	24,563	24,563
Total charges for services	<u>\$ 553,966</u>	<u>\$ 557,070</u>	<u>\$ 455,278</u>	<u>\$ (101,792)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 306,705	\$ 314,057	\$ 91,101	\$ (222,956)
County fair donations and other revenue	16,000	16,000	20,443	4,443
Crime prevention collections	-	-	2,650	2,650
Total miscellaneous revenue	<u>\$ 322,705</u>	<u>\$ 330,057</u>	<u>\$ 114,194</u>	<u>\$ (215,863)</u>
Recovered costs:				
Soil & water conservation technician	\$ 125,328	\$ 125,328	\$ 121,917	\$ (3,411)
School board reimbursements	58,646	58,646	43,985	(14,661)
Insurance recoveries	-	374,613	374,757	144
Other recovered costs	140,000	354,983	363,279	8,296
Total recovered costs	<u>\$ 323,974</u>	<u>\$ 913,570</u>	<u>\$ 903,938</u>	<u>\$ (9,632)</u>
Total revenue from local sources	<u>\$ 31,430,290</u>	<u>\$ 32,030,342</u>	<u>\$ 32,685,749</u>	<u>\$ 655,407</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 68,444	\$ 8,444
Mobile home titling tax	60,000	60,000	37,903	(22,097)
Motor vehicle rental tax	5,000	5,000	17,913	12,913
State recordation tax	50,000	50,000	46,081	(3,919)
Personal property tax relief funds	1,505,089	1,505,089	1,503,234	(1,855)
Communications taxes	1,200,000	1,200,000	1,189,081	(10,919)
State reduction in aid to localities	(273,250)	(273,250)	(234,944)	38,306
Total noncategorical aid	<u>\$ 2,606,839</u>	<u>\$ 2,606,839</u>	<u>\$ 2,627,712</u>	<u>\$ 20,873</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 429,044	\$ 429,044	\$ 368,315	\$ (60,729)
Drug prosecutor	110,675	110,675	96,573	(14,102)
Sheriff	1,520,485	1,579,244	1,498,438	(80,806)
Commissioner of revenue	121,919	121,919	121,980	61
Treasurer	108,249	108,249	107,609	(640)
Medical examiner	1,500	1,500	-	(1,500)
Registrar/electoral board	55,110	55,110	48,171	(6,939)
Clerk of the Circuit Court	288,985	329,677	327,129	(2,548)
Total shared expenses	<u>\$ 2,635,967</u>	<u>\$ 2,735,418</u>	<u>\$ 2,568,215</u>	<u>\$ (167,203)</u>

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental Revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Emergency medical services grants	\$ 40,000	\$ 150,225	\$ 53,291	\$ (96,934)
Governor's opportunity funds	-	200,000	200,000	-
Virginia juvenile community crime control act grant	63,364	63,364	63,762	398
Fire program funds	70,000	76,886	89,248	12,362
Other state funds	75,000	75,105	88,661	13,556
Total other categorical aid	\$ 248,364	\$ 565,580	\$ 494,962	\$ (70,618)
Total categorical aid	\$ 2,884,331	\$ 3,300,998	\$ 3,063,177	\$ (237,821)
Total revenue from the Commonwealth	\$ 5,491,170	\$ 5,907,837	\$ 5,690,889	\$ (216,948)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 15,000	\$ 15,000	\$ 40,158	\$ 25,158
Categorical aid:				
Disaster grants - public assistance	\$ -	\$ -	\$ 12,196	\$ 12,196
State and community highway safety	-	-	2,197	2,197
Alcohol impaired driving countermeasures incentive grants	-	-	3,499	3,499
Alcohol open container requirements	-	-	5,042	5,042
Total categorical aid	\$ -	\$ -	\$ 22,934	\$ 22,934
Total revenue from the federal government	\$ 15,000	\$ 15,000	\$ 63,092	\$ 48,092
Total General Fund	\$ 36,936,460	\$ 37,953,179	\$ 38,439,730	\$ 486,551
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous	\$ -	\$ -	\$ 186,726	\$ 186,726
Total revenue from local sources	\$ -	\$ -	\$ 186,726	\$ 186,726
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,349,979	\$ 1,349,979	\$ 1,304,562	\$ (45,417)
Comprehensive Services Act program	1,670,180	1,670,180	2,141,608	471,428
Total categorical aid	\$ 3,020,159	\$ 3,020,159	\$ 3,446,170	\$ 426,011
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,497,057	\$ 2,650,726	\$ 2,024,929	\$ (625,797)
Comprehensive Services Act program - Federal	-	-	46,854	46,854
Total categorical aid	\$ 2,497,057	\$ 2,650,726	\$ 2,071,783	\$ (578,943)
Total Virginia Public Assistance Fund	\$ 5,517,216	\$ 5,670,885	\$ 5,704,679	\$ 33,794

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>State and Federal Grants Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,919	\$ 1,919
Total miscellaneous revenue	\$ -	\$ -	\$ 1,919	\$ 1,919
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Litter control grant	\$ 15,000	\$ 20,432	\$ 20,432	\$ -
Community corrections board grant	498,453	494,464	494,464	-
Crime victims grant	57,050	56,057	55,774	(283)
Commission for the arts grant	2,500	2,500	-	(2,500)
EMD grant	-	39,809	-	(39,809)
Total categorical aid	\$ 573,003	\$ 613,262	\$ 570,670	\$ (42,592)
Total revenue from the Commonwealth	\$ 573,003	\$ 613,262	\$ 570,670	\$ (42,592)
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ -	\$ 1,318,605	\$ 1,318,605
Total categorical aid	\$ -	\$ -	\$ 1,318,605	\$ 1,318,605
Total revenue from the federal government	\$ -	\$ -	\$ 1,318,605	\$ 1,318,605
Total State and Federal Grants Fund	\$ 573,003	\$ 613,262	\$ 1,891,194	\$ 1,277,932
<b>William M. Tuck Airport Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 61,000	\$ 61,000	\$ 58,977	\$ (2,023)
Total revenue from local sources	\$ 61,000	\$ 61,000	\$ 58,977	\$ (2,023)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Airport aid	\$ -	\$ -	\$ 2,434	\$ 2,434
Total categorical aid	\$ -	\$ -	\$ 2,434	\$ 2,434
Total revenue from the Commonwealth	\$ -	\$ -	\$ 2,434	\$ 2,434
Total William M. Tuck Airport Fund	\$ 61,000	\$ 61,000	\$ 61,411	\$ 411

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 142	\$ 142
Total miscellaneous revenue	\$ -	\$ -	\$ 142	\$ 142
Total County Capital Projects Fund	\$ -	\$ -	\$ 142	\$ 142
Total Primary Government	\$ 43,087,679	\$ 44,298,326	\$ 46,097,156	\$ 1,798,830
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 1,605,000	\$ 1,605,000	\$ 1,656,876	\$ 51,876
Total revenue from local sources	\$ 1,605,000	\$ 1,605,000	\$ 1,656,876	\$ 51,876
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Halifax, Virginia	\$ 13,156,000	\$ 13,156,000	\$ 13,074,101	\$ (81,899)
Total revenues from local governments	\$ 13,156,000	\$ 13,156,000	\$ 13,074,101	\$ (81,899)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,398,078	\$ 5,398,078	\$ 5,389,475	\$ (8,603)
Basic school aid	16,655,885	16,655,885	15,995,077	(660,808)
Remedial summer education	282,058	282,058	261,029	(21,029)
Gifted and talented	175,635	175,635	172,562	(3,073)
Remedial education	748,358	748,358	735,262	(13,096)
Special education	3,585,247	3,585,247	3,522,507	(62,740)
Textbook payment	356,272	356,272	336,608	(19,664)
Vocational standards of quality payments	519,269	519,269	510,182	(9,087)
Fringe benefits	2,928,525	2,928,525	3,087,351	158,826
Early reading intervention	\$ 110,163	\$ 110,163	\$ 85,927	\$ (24,236)
Homebound education	151,054	151,054	146,387	(4,667)
K-3 Primary class	957,441	957,441	979,945	22,504
At risk payments	914,750	914,750	886,371	(28,379)
At risk - 4 year olds	-	-	664,769	664,769
GED funding	23,576	23,576	23,576	-
Virginia preschool initiative	664,769	664,769	-	(664,769)
Algebra readiness	101,557	101,557	-	(101,557)
Technology	284,000	284,000	101,452	(182,548)
English as a second language	33,662	33,662	47,968	14,306
Other state funds	515,085	515,085	1,120,213	605,128
Total categorical aid	\$ 34,405,384	\$ 34,405,384	\$ 34,066,661	\$ (338,723)
Total revenue from the Commonwealth	\$ 34,405,384	\$ 34,405,384	\$ 34,066,661	\$ (338,723)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental Revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ -	\$ 1,896,338	\$ 1,896,338
Title VI-B, special education flow-through	1,750,000	1,750,000	1,651,522	(98,478)
Vocational education	-	-	96,753	96,753
Title VI-B, special education pre-school	-	-	82,893	82,893
English language acquisition grants	-	-	11,771	11,771
21st Century community learning	-	-	433,179	433,179
Title II, Part A; Improving teacher quality - state grants	-	-	249,022	249,022
JROTC	-	-	56,590	56,590
Title VI, Rural and low income schools	-	-	191,846	191,846
Title II, Part D; Education technology state grants	-	-	11,581	11,581
Education and human resources	-	-	252,348	252,348
E-Rate	-	-	141,740	141,740
Medicaid	-	-	3,122	3,122
Other federal funds	3,600,000	3,600,000	-	(3,600,000)
Total categorical aid	\$ 5,350,000	\$ 5,350,000	\$ 5,078,705	\$ (271,295)
Total revenue from the federal government	5,350,000	5,350,000	5,078,705	(271,295)
Total School Operating Fund	\$ 54,516,384	\$ 54,516,384	\$ 53,876,343	\$ (640,041)
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 850,000	\$ 850,000	\$ 886,110	\$ 36,110
Total revenue from local sources	\$ 850,000	\$ 850,000	\$ 886,110	\$ 36,110
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 47,637	\$ 47,637
Total revenue from the Commonwealth	\$ -	\$ -	\$ 47,637	\$ 47,637
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,000,000	\$ 2,000,000	\$ 2,105,888	\$ 105,888
Total revenue from the federal government	\$ 2,000,000	\$ 2,000,000	\$ 2,105,888	\$ 105,888
Total School Cafeteria Fund	\$ 2,850,000	\$ 2,850,000	\$ 3,039,635	\$ 189,635
<b>School Textbook Fund:</b>				
Revenue from local sources:				
Charges for services:				
Textbook rentals	\$ -	\$ -	\$ 13,692	\$ 13,692
Total School Textbook Fund	\$ -	\$ -	\$ 13,692	\$ 13,692
Total Discretely Presented Component Unit-School Board	\$ 57,366,384	\$ 57,366,384	\$ 56,929,670	\$ (436,714)



Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 264,027	\$ 324,027	\$ 213,929	\$ 110,098
General and financial administration:				
County administrator	\$ 256,896	\$ 286,568	\$ 269,325	\$ 17,243
Legal services	80,000	80,000	132,370	(52,370)
Commissioner of revenue	402,678	371,228	361,484	9,744
Assessment	169,895	201,609	193,547	8,062
Treasurer	408,945	408,945	389,257	19,688
Central accounting	458,856	458,856	454,710	4,146
Professional services	60,000	60,000	40,500	19,500
Total general and financial administration	\$ 1,837,270	\$ 1,867,206	\$ 1,841,193	\$ 26,013
Board of elections:				
Electoral board and officials	\$ 104,288	\$ 104,288	\$ 78,567	\$ 25,721
Registrar	124,425	124,425	107,731	16,694
Total board of elections	\$ 228,713	\$ 228,713	\$ 186,298	\$ 42,415
Total general government administration	\$ 2,330,010	\$ 2,419,946	\$ 2,241,420	\$ 178,526
Judicial administration:				
Courts:				
Circuit court	\$ 55,394	\$ 55,394	\$ 58,049	\$ (2,655)
General district court	17,950	17,950	17,495	455
Special magistrates	2,400	2,400	1,888	512
Juvenile and domestic relations district court	16,150	16,150	21,889	(5,739)
Law library	8,500	8,500	9,253	(753)
Courthouse security	170,251	170,251	178,211	(7,960)
Courthouse maintenance	22,000	22,000	-	22,000
Clerk of the circuit court	497,277	538,142	494,473	43,669
Total courts	\$ 789,922	\$ 830,787	\$ 781,258	\$ 49,529
Commonwealth's attorney:				
Commonwealth's attorney	\$ 638,783	\$ 656,287	\$ 598,314	\$ 57,973
Multi-jurisdictional drug prosecutor	136,142	159,784	130,017	29,767
Total commonwealth's attorney	\$ 774,925	\$ 816,071	\$ 728,331	\$ 87,740
Total judicial administration	\$ 1,564,847	\$ 1,646,858	\$ 1,509,589	\$ 137,269
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,572,738	\$ 2,649,988	\$ 2,484,393	\$ 165,595
Emergency operations center	727,693	899,410	884,859	14,551
Total law enforcement and traffic control	\$ 3,300,431	\$ 3,549,398	\$ 3,369,252	\$ 180,146

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 665,550	\$ 668,886	\$ 657,494	\$ 11,392
Ambulance and rescue services	181,375	198,571	193,972	4,599
Emergency services	131,244	224,756	225,026	(270)
Forestry service	31,167	31,167	31,166	1
Total fire and rescue services	<u>\$ 1,009,336</u>	<u>\$ 1,123,380</u>	<u>\$ 1,107,658</u>	<u>\$ 15,722</u>
Correction and detention:				
Regional jail	<u>\$ 2,412,997</u>	<u>\$ 2,210,495</u>	<u>\$ 2,197,047</u>	<u>\$ 13,448</u>
Inspections:				
Building	<u>\$ 220,021</u>	<u>\$ 220,021</u>	<u>\$ 211,084</u>	<u>\$ 8,937</u>
Other protection:				
Animal control	\$ 251,806	\$ 257,460	\$ 256,292	\$ 1,168
Medical examiner	1,500	1,500	200	1,300
Total other protection	<u>\$ 253,306</u>	<u>\$ 258,960</u>	<u>\$ 256,492</u>	<u>\$ 2,468</u>
Total public safety	<u>\$ 7,196,091</u>	<u>\$ 7,362,254</u>	<u>\$ 7,141,533</u>	<u>\$ 220,721</u>
Public works:				
Sanitation and waste removal:				
Public works and environmental services	<u>\$ 2,638,793</u>	<u>\$ 2,852,097</u>	<u>\$ 2,458,386</u>	<u>\$ 393,711</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,050,873</u>	<u>\$ 1,076,275</u>	<u>\$ 864,048</u>	<u>\$ 212,227</u>
Total public works	<u>\$ 3,689,666</u>	<u>\$ 3,928,372</u>	<u>\$ 3,322,434</u>	<u>\$ 605,938</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	<u>\$ 67,450</u>	<u>\$ 67,450</u>	<u>\$ 67,450</u>	<u>\$ -</u>
Welfare:				
Tax relief for the elderly	\$ -	\$ -	\$ 47,619	\$ (47,619)
Other social services	12,200	12,200	12,200	-
Total welfare	<u>\$ 12,200</u>	<u>\$ 12,200</u>	<u>\$ 59,819</u>	<u>\$ (47,619)</u>
Total health and welfare	<u>\$ 328,849</u>	<u>\$ 328,849</u>	<u>\$ 376,468</u>	<u>\$ (47,619)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
General government administration: (Continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 64,743	\$ 64,743	\$ 64,743	\$ -
Contribution to County School Board	12,906,000	13,156,000	13,074,101	81,899
Total education	\$ 12,970,743	\$ 13,220,743	\$ 13,138,844	\$ 81,899
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 203,316	\$ 204,916	\$ 207,129	\$ (2,213)
Contribution to YMCA	6,252	6,252	3,126	3,126
County fair	20,000	20,000	26,721	(6,721)
Total parks and recreation	\$ 229,568	\$ 231,168	\$ 236,976	\$ (5,808)
Cultural enrichment:				
Halifax / South Boston Museum	\$ 10,386	\$ 10,386	\$ 10,385	\$ 1
Total cultural enrichment	10,386	10,386	10,386	1
Library:				
Contribution to county library	\$ 175,000	\$ 175,000	\$ 175,000	\$ -
Total parks, recreation, and cultural	\$ 414,954	\$ 416,554	\$ 422,362	\$ (5,807)
Community development:				
Planning and community development:				
Planning & zoning	\$ 179,691	\$ 179,691	\$ 159,128	\$ 20,563
Tri-County Community Action Agency	50,766	50,766	50,764	2
Southside Planning District	45,103	45,103	45,301	(198)
Halifax County tourism	120,817	120,817	120,736	81
Improvement council	-	-	-	-
Contribution to Industrial Development Authority	591,488	829,323	810,100	19,223
Total planning and community development	\$ 987,865	\$ 1,225,700	\$ 1,186,029	\$ 39,671
Environmental management:				
Environmental management	\$ 161,354	\$ 161,354	\$ 175,649	\$ (14,295)
Cooperative extension program:				
Extension office	\$ 83,477	\$ 89,173	\$ 86,169	\$ 3,004
Agricultural development agent	60,340	60,821	57,158	3,663
Total cooperative extension program	\$ 143,817	\$ 149,994	\$ 143,327	\$ 6,667
Total community development	\$ 1,293,036	\$ 1,537,048	\$ 1,505,005	\$ 32,043
Nondepartmental:				
Halifax County Service Authority	\$ 122,181	\$ 122,181	\$ 122,181	\$ -
Miscellaneous	22,500	22,500	10,896	11,604
Total nondepartmental	\$ 144,681	\$ 144,681	\$ 133,077	\$ 11,604

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 3,030,320	\$ 3,030,320	\$ 3,030,320	\$ -
Interest and other fiscal charges	2,434,096	2,434,096	2,434,095	1
Total debt service	<u>\$ 5,464,416</u>	<u>\$ 5,464,416</u>	<u>\$ 5,464,415</u>	<u>\$ 1</u>
Total General Fund	<u>\$ 35,397,293</u>	<u>\$ 36,469,721</u>	<u>\$ 35,255,147</u>	<u>\$ 1,214,575</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration and assistance	\$ 4,275,127	\$ 4,428,796	\$ 4,002,021	\$ 426,775
Comprehensive services	2,634,819	2,784,819	3,146,257	(361,438)
Total welfare and social services	<u>\$ 6,909,946</u>	<u>\$ 7,213,615</u>	<u>\$ 7,148,278</u>	<u>\$ 65,337</u>
Total Virginia Public Assistance Fund	<u>\$ 6,909,946</u>	<u>\$ 7,213,615</u>	<u>\$ 7,148,278</u>	<u>\$ 65,337</u>
<b>State and Federal Grants Fund:</b>				
Judicial administration:				
Courts:				
Crime victims grant	\$ 57,050	\$ 56,057	\$ 57,540	\$ (1,483)
Refurbishing clerk of circuit court	-	-	22,466	(22,466)
Total judicial administration	<u>\$ 57,050</u>	<u>\$ 56,057</u>	<u>\$ 80,006</u>	<u>\$ (23,949)</u>
Public safety:				
Correction and detention:				
Community corrections board	<u>\$ 498,453</u>	<u>\$ 494,464</u>	<u>\$ 484,372</u>	<u>\$ 10,092</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
Commission for the Arts	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Community development:				
Planning and community development:				
Improvement council	\$ 33,937	\$ 33,937	\$ 25,493	\$ 8,444
EMD grant	-	49,801	55,462	(5,661)
DMV mini grant	-	-	4,174	(4,174)
South Boston energy plant project	-	-	620,525	(620,525)
Pine Heights project	-	-	253,603	(253,603)
Urgent needs project	-	-	208,150	(208,150)
Halifax downtown project	-	-	127,774	(127,774)
Total community development	<u>\$ 33,937</u>	<u>\$ 83,738</u>	<u>\$ 1,295,181</u>	<u>\$ (1,211,443)</u>
Total State and Federal Grants Fund	<u>\$ 594,440</u>	<u>\$ 639,259</u>	<u>\$ 1,864,559</u>	<u>\$ (1,225,300)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>William M. Tuck Airport Fund:</b>				
Community development:				
Planning and community development:				
Airport expenditures	\$ 54,532	\$ 54,532	\$ 66,170	\$ (11,638)
Capital projects:				
Capital projects	\$ -	\$ -	\$ 212,087	\$ (212,087)
Debt service:				
Principal retirement	\$ 6,402	\$ 6,402	\$ -	\$ 6,402
Interest and other fiscal charges	66	66	-	66
Total debt service	\$ 6,468	\$ 6,468	\$ -	\$ 6,468
Total William M. Tuck Airport Fund	\$ 61,000	\$ 61,000	\$ 278,257	\$ (217,257)
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Capital projects expenditures:				
Energy efficiency improvements	\$ -	\$ 45,000	\$ 70,928	\$ (25,928)
Sheriff cars	75,000	75,000	75,000	-
Motor vehicles and equipment	50,000	50,000	46,653	3,347
Fairgrounds master plan	-	27,000	22,500	4,500
Courthouse needs assessment	-	37,580	25,205	12,375
Total capital projects	\$ 125,000	\$ 234,580	\$ 240,286	\$ (5,706)
Total County Capital Projects Fund	\$ 125,000	\$ 234,580	\$ 240,286	\$ (5,706)
Total Primary Government	\$ 43,087,679	\$ 44,618,175	\$ 44,786,527	\$ (168,351)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
School board and administration	\$ 2,274,264	\$ 2,274,264	\$ 2,356,072	\$ (81,808)
School food services				
Food services	\$ 95,907	\$ 95,907	\$ 37,959	\$ 57,948
Instruction costs:				
Elementary and secondary schools	\$ 39,269,834	\$ 39,269,834	\$ 37,816,911	\$ 1,452,923
Federal programs	3,600,000	3,600,000	2,907,611	692,389
Total instruction costs	\$ 42,869,834	\$ 42,869,834	\$ 40,724,522	\$ 2,145,312
Operating costs:				
Pupil transportation	\$ 3,835,108	\$ 3,835,108	\$ 5,327,999	\$ (1,492,891)
Operation and maintenance of school plant	6,166,084	6,166,084	6,134,758	31,326
Total operating costs	\$ 10,001,192	\$ 10,001,192	\$ 11,462,757	\$ (1,461,565)
Total education	\$ 55,241,197	\$ 55,241,197	\$ 54,581,310	\$ 659,887

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 30,000	\$ 30,000	\$ 25,000	\$ 5,000
Interest and other fiscal charges	5,790	5,790	14,151	(8,361)
Total debt service	<u>\$ 35,790</u>	<u>\$ 35,790</u>	<u>\$ 39,151</u>	<u>\$ (3,361)</u>
 Total School Fund	 <u>\$ 55,276,987</u>	 <u>\$ 55,276,987</u>	 <u>\$ 54,620,461</u>	 <u>\$ 656,526</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services	\$ 2,850,000	\$ 2,850,000	\$ 3,027,540	\$ (177,540)
Total School Cafeteria Fund	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 3,027,540</u>	<u>\$ (177,540)</u>
<b>School Textbook Fund:</b>				
Education:				
Instruction	\$ -	\$ -	\$ 239,022	\$ (239,022)
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,022</u>	<u>\$ (239,022)</u>
<b>School Capital Projects Fund:</b>				
Capital projects expenditures:				
School construction projects	\$ -	\$ -	\$ 311,625	\$ (311,625)
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,625</u>	<u>\$ (311,625)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 58,126,987</u>	<u>\$ 58,126,987</u>	<u>\$ 58,198,648</u>	<u>\$ (71,661)</u>

**Other Statistical Information**

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COUNTY OF HALIFAX, VIRGINIA

Table 1

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety		Public Works	Health and Welfare		Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt		Business-Type Activities (1)		Total
	Administration															
2003-04	\$ 1,722,485	\$ 1,083,649	\$ 6,151,620	\$ 1,531,344	\$ 5,528,865	\$ 10,732,182	\$ 324,448	\$ 2,528,419	\$ 533,126	\$ 289,324	\$ 30,425,462					
2004-05	1,511,027	1,141,869	6,739,414	2,201,147	5,380,161	12,103,336	355,481	3,535,237	450,855	310,276	33,728,803					
2005-06	1,832,019	1,169,866	6,252,307	2,252,206	6,199,469	13,397,147	407,606	2,949,509	1,211,711	566,889	36,238,729					
2006-07	2,000,161	1,275,407	6,942,019	2,345,652	7,665,807	12,542,439	465,052	3,158,513	2,940,181	625,463	39,960,694					
2007-08	2,580,816	1,382,701	7,353,873	2,096,176	7,708,608	22,012,386	894,038	3,302,635	2,318,580	4,950,117	54,599,930					
2008-09	2,312,849	1,405,780	7,804,899	3,990,358	8,085,471	18,242,542	612,848	1,767,995	2,815,705	-	47,038,447					
2009-10	3,090,119	1,429,764	7,325,326	3,812,180	7,787,497	16,063,821	552,569	2,002,198	2,585,383	-	44,648,857					
2010-11	2,418,864	1,482,464	7,564,127	5,195,264	7,904,249	17,312,615	632,558	1,680,884	2,471,149	-	46,662,174					
2011-12	2,272,954	1,487,486	7,594,784	3,752,716	7,760,643	16,442,784	436,121	2,132,612	2,346,703	-	44,226,803					
2012-13	2,325,357	1,596,842	7,458,534	3,531,002	7,551,029	16,578,196	474,772	2,754,844	2,240,418	-	44,510,994					

Table includes primary government only.

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

COUNTY OF HALIFAX, VIRGINIA

Table 2

Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes (1)	Unrestricted Investment Earnings	Miscellaneous	Restricted to Specific Programs (1)	
2003-04	\$ 842,749	\$ 7,626,882	\$ 1,035,484	\$ 15,013,226	\$ 5,566,404	\$ 349,020	\$ 559,849	\$ 1,863,289	\$ 32,856,903
2004-05	775,336	8,299,912	1,316,361	15,482,599	5,885,175	549,581	354,048	1,675,128	34,338,140
2005-06	896,598	8,737,400	413,539	18,119,877	6,163,007	1,401,345	638,495	1,796,891	38,167,152
2006-07	974,949	10,249,711	1,527,388	20,667,806	6,306,972	2,274,778	435,632	1,822,478	44,259,714
2007-08	582,735	9,808,887	1,774,373	30,744,187	6,393,593	2,320,614	718,423	2,201,320	54,544,132
2008-09	638,515	9,801,128	1,177,293	24,538,078	5,905,056	589,508	437,425	1,502,504	44,589,507
2009-10	695,753	9,934,844	347,708	23,945,473	4,686,780	411,274	1,104,045	2,658,996	43,784,873
2010-11	690,073	9,353,614	440,717	23,996,264	4,834,750	406,707	854,368	2,577,185	43,153,678
2011-12	620,628	9,329,540	1,442,756	22,779,396	5,236,780	394,117	519,922	2,602,321	42,925,460
2012-13	672,784	9,034,629	1,461,144	24,306,577	6,164,352	343,065	302,982	2,667,870	44,953,403

Table includes primary government only.

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

COUNTY OF HALIFAX, VIRGINIA

Table 3

General Governmental Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety		Public Works	Health and Welfare		Parks, Recreation, and Cultural		Community Development	Non-Departmental	Debt Service	Total
	Administration													
2003-04	\$ 1,375,346	\$ 1,120,330	\$ 5,828,400	\$ 1,569,164	\$ 5,529,022	\$ 48,757,423	\$ 316,043	\$ 3,049,065	\$ -	\$ 1,675,734	\$ 69,220,527			
2004-05	1,481,322	1,166,359	6,593,025	1,793,623	5,376,011	53,579,424	361,636	4,029,065	-	1,595,594	75,976,059			
2005-06	1,749,241	1,182,823	6,330,220	1,937,473	6,194,497	56,798,887	379,530	3,279,371	3,464	1,640,534	79,496,040			
2006-07	1,847,104	1,277,304	6,828,457	2,089,523	7,644,557	59,971,600	445,885	3,141,263	50,480	4,098,889	87,395,062			
2007-08	2,121,771	1,398,840	6,993,742	2,617,573	7,734,479	61,634,425	424,717	3,787,477	212,970	5,549,361	92,475,355			
2008-09	2,141,122	1,391,667	7,440,463	3,325,895	8,019,717	64,323,460	591,205	1,763,924	391,150	6,051,488	95,440,091			
2009-10	2,630,693	1,419,225	7,397,339	3,175,611	7,733,969	61,376,043	584,207	2,387,062	418,979	5,885,023	93,008,151			
2010-11	2,186,834	1,471,621	7,242,714	3,712,592	7,875,823	61,062,113	598,521	1,778,597	351,167	5,939,016	92,218,998			
2011-12	2,170,032	1,466,653	7,524,324	3,111,801	7,765,276	57,736,555	397,131	2,347,462	236,293	5,496,482	88,252,009			
2012-13	2,241,420	1,589,595	7,625,905	3,322,434	7,524,746	57,919,116	427,362	2,866,356	133,077	5,503,566	89,153,577			

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 4

General Governmental Revenues by Source  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (2)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (1)(2)	Total
2003-04	\$ 14,724,623	\$ 5,566,404	\$ 128,231	\$ 25,077	\$ 356,989	\$ 1,431,521	\$ 820,408	\$ 137,713	\$ 38,794,325	\$ 61,985,291	
2004-05	15,466,288	5,885,175	129,775	22,157	548,052	1,467,896	1,184,604	144,786	51,547,745	76,396,478	
2005-06	17,986,767	6,163,007	153,490	31,633	1,402,700	1,485,108	1,748,676	787,970	53,594,874	83,354,225	
2006-07	20,515,847	6,306,972	127,543	16,663	2,276,997	1,585,555	1,115,579	204,147	60,237,578	92,386,881	
2007-08	30,263,336	6,393,593	138,168	16,311	2,254,804	1,653,143	2,079,186	330,204	60,595,023	103,723,768	
2008-09	24,346,869	5,905,056	122,761	73,379	591,734	2,334,130	1,536,350	121,259	60,305,548	95,337,086	
2009-10	23,509,675	4,686,780	130,416	62,043	413,567	2,131,400	2,786,770	124,571	59,105,452	92,950,674	
2010-11	24,004,456	4,834,750	141,352	74,226	407,741	1,555,945	2,718,034	261,080	56,726,586	90,724,170	
2011-12	22,052,531	5,236,780	134,832	60,924	394,157	1,438,063	2,545,673	427,976	54,432,215	86,723,151	
2012-13	24,546,393	6,164,352	154,721	62,785	343,065	1,355,080	1,959,857	903,938	54,462,534	89,952,725	

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 5

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax		Current Tax		Delinquent Tax		Total Tax		Percent of Current Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Current Tax Levy	
	Levy (1,3,4)	Collections (1)	Collections (1)(5)	Tax	Collections	Tax	Collections	to Tax Levy	Taxes (1,2)	Tax Levy				
2003-04	\$ 16,189,008	\$ 15,206,057	\$ 727,778	\$ 15,933,835	\$ 93.93%	\$ 1,298,464								8.02%
2004-05	16,667,284	16,110,369	419,749	16,530,118	96.66%	1,460,674								8.76%
2005-06	19,548,439	18,855,929	200,820	19,056,749	96.46%	1,439,428								7.36%
2006-07	20,473,289	19,758,307	416,535	20,174,842	96.51%	1,796,186								8.77%
2007-08	31,484,340	30,490,974	570,092	31,061,066	96.84%	2,086,683								6.63%
2008-09	25,471,645	25,086,207	199,676	25,285,883	98.49%	2,164,820								8.50%
2009-10	24,450,576	23,182,891	1,252,839	24,435,730	94.82%	2,279,104								9.32%
2010-11	24,968,092	22,516,171	2,446,207	24,962,378	90.18%	2,380,138								9.53%
2011-12	23,760,658	20,348,558	2,546,293	22,894,851	85.64%	1,856,116								7.81%
2012-13	25,032,718	22,313,363	2,972,629	25,285,992	89.14%	1,742,146								6.96%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 6

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)(3)	Personal Property (1)	Machinery and Tools		Mobile Homes	Public Utility (2)	Total
2003-04	\$ 1,569,245,514	\$ 280,451,047	\$ 106,841,200	\$	27,426,465	\$ 770,683,235	\$ 2,754,647,461
2004-05	1,910,664,805	263,810,600	107,198,300		24,372,634	776,778,376	3,082,824,715
2005-06	1,935,164,682	282,638,875	119,637,200		24,397,296	746,782,274	3,108,620,327
2006-07	2,157,582,260	218,028,800	131,854,800		24,130,000	1,042,337,183	3,573,933,043
2007-08	2,186,407,594	218,486,973	113,786,300		24,404,648	1,020,808,708	3,563,894,223
2008-09	2,582,057,659	221,649,707	118,967,559		24,513,892	1,025,725,027	3,972,913,844
2009-10	2,642,838,286	194,222,175	105,229,100		24,281,492	1,071,208,087	4,037,779,140
2010-11	2,682,107,141	195,399,423	102,266,400		21,607,200	1,144,472,640	4,145,852,804
2011-12	2,642,140,247	208,849,364	104,232,700		21,636,849	1,043,796,759	4,020,655,919
2012-13	2,611,941,867	206,995,250	115,491,600		21,858,449	939,796,330	3,896,083,496

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Table 7

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2003-04	\$	\$	\$
2004-05	0.42	1.76	1.26
2005-06	0.37	2.00	1.26
2006-07	0.41	2.50	1.26
2007-08	0.41	3.30	1.26
2008-09	.44 / .48	3.30	1.26
2009-10	0.44	3.60	1.26
2010-11	.44 / .43	3.60	1.26
2011-12	.43 / .43	3.60	1.26
2012-13	.43 / .45	3.60	1.26
	.45 / .45	3.60	1.26

(1) Per \$100 of assessed value.

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

The rates include first and second half installments, respectively.

COUNTY OF HALIFAX, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2003-04	37,355	\$ 2,754,647	\$ 11,988,042	\$ 11,988,042	0.44%	\$ 321
2004-05	37,355	3,082,825	11,223,380	11,223,380	0.36%	300
2005-06	36,700	3,108,620	59,003,606	59,003,606	1.90%	1,608
2006-07	36,700	3,573,933	67,721,571	67,721,571	1.89%	1,845
2007-08	36,700	3,563,894	64,115,842	64,115,842	1.80%	1,747
2008-09	36,700	3,972,914	61,471,134	61,471,134	1.55%	1,675
2009-10	36,700	4,037,779	58,708,346	58,708,346	1.45%	1,600
2010-11	36,241	4,145,853	55,850,717	55,850,717	1.35%	1,541
2011-12	36,241	4,020,656	53,109,975	53,109,975	1.32%	1,465
2012-13	35,849	3,896,083	50,276,791	50,276,791	1.29%	1,402

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

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

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

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



COUNTY OF HALIFAX, VIRGINIA

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2003-04	512,983	511,232	1,024,215	69,220,527	1.48%
2004-05	1,096,662	436,307	1,532,969	75,976,059	2.02%
2005-06	1,140,660	499,874	1,640,534	79,496,040	2.06%
2006-07	1,618,829	2,480,060	4,098,889	87,395,062	4.69%
2007-08	2,926,284	2,623,077	5,549,361	92,475,355	6.00%
2008-09	3,066,056	3,047,366	6,113,422	95,440,091	6.41%
2009-10	3,118,375	2,816,570	5,934,945	93,008,151	6.38%
2010-11	3,293,277	2,649,193	5,942,470	92,218,998	6.44%
2011-12	2,938,897	2,557,585	5,496,482	88,252,009	6.23%
2012-13	3,055,320	2,448,246	5,503,566	89,153,577	6.17%

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

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## **Compliance**

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Halifax, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Halifax, Virginia's basic financial statements, and have issued our report thereon dated January 6, 2014.

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

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

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

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

## Compliance and Other Matters

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

### Purpose of this Report

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
January 6, 2014

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Report on Compliance for Each Major Federal Program

We have audited the County of Halifax, Virginia's compliance with the types of compliance requirements described (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of County of Halifax, Virginia's major federal programs for the year ended June 30, 2013. County of Halifax, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

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

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

### *Opinion on Each Major Federal Program*

In our opinion, County of Halifax, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## ***Report on Internal Control Over Compliance***

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

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

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

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
January 6, 2014



COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary Assistance for Needy Families (TANF)	93.558	0400112/0400113	\$ 420,372
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112/0500113	1,486
Low-income Home Energy Assistance	93.568	0600412/0600413	37,447
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112/0760113	62,625
Chafee Education and Training Vouchers Program	93.599	9160112	2,503
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112/0900113	2,426
Foster Care - Title IV-E	93.658	1100112/1100113	215,278
Adoption Assistance	93.659	1120112/1120113	192,630
Social Services Block Grant	93.667	1000112/1000113	331,575
Chafee Foster Care Independence Program	93.674	9150112/9150113	3,012
Children's Health Insurance Program	93.767	0540112/0540113	11,292
Medical Assistance Program	93.778	1200112/1200113	299,540
Total Department of Health and Human Services			\$ 1,580,186
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	10.555/2012 / 2013IN109941	\$ 181,161
Department of Education:			
National School Lunch Program	10.555	10.555/2012 / 2013IN109941	1,369,943
Subtotal CFDA 10.555			\$ 1,551,104
School Breakfast Program	10.553	10.553/2012 / 2013IN109941	481,414
Department of Education:			
Fresh Fruit and Vegetable Program	10.582	10.582/2012 / 2013IL160341	63,590
Child Nutrition Discretionary Grants	10.579	10.579/2011	9,780
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010112/0010113/0040112	\$ 494,720
Total Department of Agriculture			\$ 2,600,608
Department of Defense:			
Direct payments:			
JROTC	12.000		\$ 56,590
Total Department of Defense			\$ 56,590

COUNTY OF HALIFAX, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development: Pass Through Payments:			
Department of Housing and Community Development: Community Development Block Grant States' Program and Non-Entitlement Grants in Hawaii	14.228	N/A	\$ 1,073,263
Total Department of Housing and Urban Development			\$ 1,073,263
Department of Transportation: Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-2012-52142-4520	\$ 3,498
State and Community Highway Safety	20.600	AL-2013-53349-5064	2,197
Highway Planning and Construction	20.205	N/A	245,342
Alcohol Open Container Requirements	20.607	154AL-2012-51193-4135	5,042
Total Department of Transportation - pass-through			\$ 256,079
Total Department of Transportation			\$ 256,079
National Science Foundation: Pass Through Payments:			
Virginia Commonwealth University: Education and Human Resources	47.076	N/A	\$ 252,348
Total National Science Foundation:			\$ 252,348
Department of Homeland Security Pass Through Payments:			
Disaster Grants - Public Assistance - (Presidentially Declared Disasters)	97.036	N/A	\$ 12,196
Total Department of Homeland Security			\$ 12,196
Department of Education: Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A110046/S010A120046	\$ 1,896,338
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A110107/H027A120107	1,651,522
Special Education - Preschool Grants	84.173	H173A120112/H173A110112	82,893
Career and Technical Education: Basic Grants to States	84.048	V048A110046/V048A120046	96,753
Twenty-First Century Community Learning Centers	84.287	S287C110047/S287C120047	433,179
Title II, part A: Improving Teacher Quality State Grants	84.367	S367A100044/S367A110044	249,022
Education Technology State Grants	84.318	S318X100046	11,581
English Language Acquisition grants	84.365	S365A110046/S365A100046	11,771
Rural Education	84.358	S367A100044/S367A110044	191,846
Total Department of Education			\$ 4,624,905
Total Expenditures of Federal Awards			\$ 10,456,175

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF HALIFAX, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

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#### Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal grant activity of the County of Halifax, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Halifax, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Halifax, Virginia.

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

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

#### Note 3 - Food Donation

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

#### Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	63,092
Special Revenue Funds:		
Virginia Public Assistance Fund		2,071,783
State and Federal Grants Fund		1,318,605
Total primary government	\$	<u>3,453,480</u>

Component Unit School Board:

School Operating Fund	\$	5,078,705
School Cafeteria Fund		2,105,888
Total component unit School Board	\$	<u>7,184,593</u>

Less amounts not reported on Schedule of Expenditures of  
Federal Awards

E-Rate	84.000	\$	(141,740)
Department of Interior - Payments in lieu of taxes	15.226		<u>(40,158)</u>

Total federal expenditures per basic financial statements	\$	<u>10,456,175</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>10,456,175</u></u>
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COUNTY OF HALIFAX, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

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**Section I - Summary of Auditors' Results**

Financial Statements

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

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Grants for the Supplemental Nutrition Assistance Program
84.010	Title I: Grants to Local Educational Agencies
93.558	Temporary Assistance to Needy Families
93.667	Social Services Block Grant
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$ 313,685
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

**Section IV - Prior Year Findings**

There are no prior year findings