
GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2011

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ VERONA □ CHRISTIANBURG



Greensville County School Board
(A Component Unit of the County of Greenville, Virginia)

School Board

Marguerite K. Bruton, Chairman

Tony M. Conwell, Vice-Chairman

Janey V. Bush

Tony M. Conwell

Donati R. High

Bessie Reed-Moore

Superintendent of Schools

Dr. Philip L. Worrell

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

To the School Board of Greensville County Emporia, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greensville County School Board (a component unit of the County of Greensville, Virginia), as of and for the year ended June 30, 2011, which collectively comprise the Greensville County School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greensville County School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greensville County School Board, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011 on our consideration of the Greensville County School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenville County School Board's financial statements as a whole. The introductory section, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farney Cox Associates
Charlottesville, Virginia
December 19, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Greenville County School Board, (A component unit of the County of Greenville, Virginia), we offer this narrative overview and analysis of the financial performance and overview of the Board's financial activities for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented herein in connection with the Board's basic financial statements.

Financial Highlights For FY2011

The assets of the School Board exceeded its liabilities at the close of the most recent fiscal year by \$13,988,166.

The Board's net assets increased by \$1,126,590 for the current year.

Overview of the Financial Statements

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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the School Board that are principally supported by intergovernmental revenues. The governmental activities of the Board are items relating to the education of children.

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 Greenville County School Board, (A component unit of the County of Greenville, Virginia), like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board has only governmental funds.

Overview of the Financial Statements (continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided on Exhibit 4. The Board has three major governmental funds - the General Fund, the Capital Projects Fund, and the School Cafeteria Fund.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Board's financial position. In the case of the Board, assets exceeded liabilities by \$13,988,166 at the close of the most recent fiscal year.

Financial Analysis of the Board as a Whole

Two years of information are presented in order to provide a comparative analysis of government-wide information.

Statement of Net Assets

The following table reflects the condensed Statements of Net Assets:

| Summary Statement of Net Assets | | | |
|---|----------------------|----------------------|--|
| As of June 30, 2011 and 2010 | | | |
| | 2011 | 2010 | |
| Current and other assets | \$ 4,716,244 | \$ 5,520,653 | |
| Capital assets | 12,308,292 | 10,987,401 | |
| Total assets | <u>\$ 17,024,536</u> | <u>\$ 16,508,054</u> | |
| Current liabilities | \$ 2,914,970 | \$ 3,539,883 | |
| Long-term liabilities | 121,400 | 106,595 | |
| Total liabilities | <u>\$ 3,036,370</u> | <u>\$ 3,646,478</u> | |
| Net assets: | | | |
| Invested in capital and other assets, net of debt | \$ 12,308,292 | \$ 10,987,401 | |
| Unrestricted | 1,679,874 | 1,874,175 | |
| Total net assets | <u>\$ 13,988,166</u> | <u>\$ 12,861,576</u> | |
| Total liabilities and net assets | <u>\$ 17,024,536</u> | <u>\$ 16,508,054</u> | |

Statement of Net Assets (Continued)

The Board's combined net assets increased by \$1,126,590 during the year. The increase in current and other assets is attributable to increased cash. This resulted from the receipt of more federal operating grants. It is also attributed to the retaining of debt service reserves by the School Board.

At the end of the current fiscal year, the Board is able to report positive balances in both categories of net assets.

The following table shows the revenues and expenses of the Board for the past two fiscal years:

| Changes in Net Assets | | |
|---|--------------------------------|---------------|
| For the Fiscal Year Ended June 30, 2011 and 2010 | | |
| | Governmental Activities | |
| | 2011 | 2010 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 3,759,539 | \$ 3,643,443 |
| Operating grants and contributions | 20,200,363 | 21,244,252 |
| General revenues: | | |
| Grants and other contributions unrestricted | 3,043,667 | 3,393,406 |
| Other | 270,710 | 291,450 |
| Total revenues | \$ 27,274,279 | \$ 28,572,551 |
| Expenses: | | |
| Instruction | \$ 21,014,773 | \$ 20,175,171 |
| Administration, Attendance & Health | 1,005,130 | 1,078,433 |
| Pupil Transportation Services | 1,994,785 | 1,814,041 |
| Operation & Maintenance Services | 887,724 | 2,735,358 |
| School Food Service | 1,245,277 | 1,084,380 |
| Total expenses | \$ 26,147,689 | \$ 26,887,383 |
| Increase (decrease) in net assets | \$ 1,126,590 | \$ 1,685,168 |
| Net assets - beginning | 12,861,576 | 11,176,408 |
| Net assets - ending | \$ 13,988,166 | \$ 12,861,576 |

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

Statement of Net Assets (Continued)

The Greenville County School Board's investment in capital and other assets as of June 30, 2011 and 2010 amounts to \$12,308,292 and \$10,987,901 (net of accumulated depreciation). Below is a list of the items that makeup capital assets as of June 30, 2011 and 2010.

| | <u>2011</u> | <u>2010</u> |
|--|----------------------|----------------------|
| Land | \$ 442,775 | \$ 442,775 |
| Building (net) | 9,216,936 | 8,595,300 |
| Machinery & Equipment (net) | 1,351,174 | 1,493,623 |
| Construction in progress | <u>1,297,407</u> | <u>455,703</u> |
| Total capital assets and other investments | <u>\$ 12,308,292</u> | <u>\$ 10,987,401</u> |

Economic Factors and Review of Operations

The Greenville County School Board, (A component unit of the County of Greenville, Virginia), is an organization dedicated to educating the youth of Greenville County and the City of Emporia, Virginia. The Board is governed by a 6 member School Board, appointed by the Board of Supervisors of Greenville County, Virginia and the City Council of the City of Emporia, Virginia. Greenville County appoints four of the six members, while the City of Emporia appoints the other two.

The Board has a cost agreement between the County of Greenville, Virginia and the City of Emporia, Virginia. The current contract was approved in December 2002 and expires in June of 2013. The agreement allocates the net local costs for each locality for education. For the year ended June 30, 2011, the Board had local costs of \$6,862,156. The local costs were allocated based on the agreement as follows:

| | <u>Local</u> |
|--------------------------------|---------------------|
| County of Greenville, Virginia | \$ 3,684,845 |
| City of Emporia, Virginia | <u>3,177,311</u> |
| Total Local Costs | <u>\$ 6,862,156</u> |

These amounts do not agree to the amounts reported in the financial statements due to the difference in the budgeted and actual capital transfers.

See Note 6 for more information.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be directed to the Finance Director, Greenville County School Board, 105 Ruffin Street, Emporia, VA 23847.

BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 1

Statement of Net Assets
June 30, 2011

| | <u>Primary Government</u> |
|---|------------------------------------|
| | <u>Governmental Activities</u> |
| ASSETS | |
| Cash and cash equivalents | \$ 2,452,498 |
| Due from other governmental units | 1,546,295 |
| Due from City of Emporia | 150,258 |
| Prepaid expenses | 329,264 |
| Restricted assets: | |
| Temporarily restricted: | |
| Cash and cash equivalents | 237,929 |
| Capital assets (net of accumulated depreciation): | |
| Land | 442,775 |
| Buildings and improvements | 9,216,936 |
| Machinery and equipment | 1,351,174 |
| Construction in progress | <u>1,297,407</u> |
| Total assets | <u>\$ 17,024,536</u> |
| LIABILITIES | |
| Accounts payable | \$ 66,094 |
| Accrued liabilities | 1,757,064 |
| Due to County of Greenville | 591,812 |
| Long term advance | 500,000 |
| Long-term liabilities: | |
| Due in more than one year | <u>121,400</u> |
| Total liabilities | <u>\$ 3,036,370</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | \$ 12,308,292 |
| Unrestricted | <u>1,679,874</u> |
| Total net assets | <u><u>\$ 13,988,166</u></u> |

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|--|---------------|----------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| | | | | | Primary Government Governmental Activities |
| Primary Government: | | | | | |
| Governmental activities: | | | | | |
| Instruction | \$ 21,014,773 | \$ 3,491,525 | \$ 19,107,877 | \$ - | \$ 1,584,629 |
| Administration, attendance and health | 1,005,130 | - | - | - | (1,005,130) |
| Pupil transportation services | 1,994,785 | - | - | - | (1,994,785) |
| Operation and maintenance services | 887,724 | - | - | - | (887,724) |
| School food service | 1,245,277 | 268,014 | 1,092,486 | - | 115,223 |
| Total governmental activities | \$ 26,147,689 | \$ 3,759,539 | \$ 20,200,363 | \$ - | \$ (2,187,787) |
| General revenues: | | | | | |
| Unrestricted revenues from use of money and property | | | | \$ | 13,546 |
| Miscellaneous | | | | | 257,164 |
| Grants and contributions not restricted to specific programs | | | | | 3,043,667 |
| Total general revenues | | | | \$ | 3,314,377 |
| Change in net assets | | | | | 1,126,590 |
| Net assets - beginning | | | | | 12,861,576 |
| Net assets - ending | | | | \$ | 13,988,166 |

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

BASIC FINANCIAL STATEMENTS

- *Fund Financial Statements* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2011

| | <u>General</u> | <u>School Cafeteria</u> | <u>School Capital Projects</u> | <u>Total</u> |
|--|---------------------|-----------------------------|--|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,321,916 | \$ 644,041 | \$ 486,541 | \$ 2,452,498 |
| Due from other funds | - | - | 271,949 | 271,949 |
| Due from City of Emporia | 150,258 | - | - | 150,258 |
| Due from other governmental units | 1,381,176 | 165,119 | - | 1,546,295 |
| Prepaid items | 329,264 | - | - | 329,264 |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | 4,189 | - | 237,929 | 242,118 |
| Total assets | <u>\$ 3,186,803</u> | <u>\$ 809,160</u> | <u>\$ 996,419</u> | <u>\$ 4,992,382</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 66,094 | \$ - | \$ - | \$ 66,094 |
| Accrued liabilities | 1,756,948 | 116 | - | 1,757,064 |
| Due to County of Greenville | 591,812 | - | - | 591,812 |
| Due to other funds | 271,949 | - | - | 271,949 |
| Long term advance | 500,000 | - | - | 500,000 |
| Total liabilities | <u>\$ 3,186,803</u> | <u>\$ 116</u> | <u>\$ -</u> | <u>\$ 3,186,919</u> |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Prepaid items | \$ 329,264 | \$ - | \$ - | \$ 329,264 |
| Restricted: | | | | |
| Capital projects - energy improvements | - | - | 996,419 | 996,419 |
| Committed to: | | | | |
| School cafeteria fund | - | 809,044 | - | 809,044 |
| Unassigned | (329,264) | - | - | (329,264) |
| Total fund balances | <u>\$ -</u> | <u>\$ 809,044</u> | <u>\$ 996,419</u> | <u>\$ 1,805,463</u> |
| Total liabilities and fund balances | <u>\$ 3,186,803</u> | <u>\$ 809,160</u> | <u>\$ 996,419</u> | <u>\$ 4,992,382</u> |

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 4

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

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

| | | |
|---|----|--------------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ | 1,805,463 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Land | \$ | 442,775 |
| Construction in progress | | 1,297,407 |
| Buildings and improvements | | 9,216,936 |
| Machinery and equipment | | <u>1,351,174</u> |
| | | 12,308,292 |
| Activity and assets related to debt issuances transferred to the primary for reporting purposes on the government-wide statements | | |
| Restricted cash | | <u>(4,189)</u> |
| | | (4,189) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Other post-employment benefits | | <u>(121,400)</u> |
| Net assets of governmental activities | \$ | <u><u>13,988,166</u></u> |

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 5

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

| | <u>General</u> | <u>School Cafeteria</u> | <u>School Capital Projects</u> | <u>Total</u> |
|---|-----------------------|-----------------------------|--|----------------------|
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 11,653 | \$ - | \$ 1,893 | \$ 13,546 |
| Charges for services | 3,515,856 | 243,683 | - | 3,759,539 |
| Miscellaneous | 257,164 | - | - | 257,164 |
| Intergovernmental revenues: | | | | |
| Local government | 1,582,383 | - | - | 1,582,383 |
| Commonwealth | 15,535,324 | 25,158 | - | 15,560,482 |
| Federal | 3,572,553 | 1,067,328 | - | 4,639,881 |
| Total revenues | <u>\$ 24,474,933</u> | <u>\$ 1,336,169</u> | <u>\$ 1,893</u> | <u>\$ 25,812,995</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education: | | | | |
| Instruction | \$ 20,079,406 | \$ - | \$ - | \$ 20,079,406 |
| Administration, attendance and health | 1,004,574 | - | - | 1,004,574 |
| Pupil transportation services | 1,929,095 | - | - | 1,929,095 |
| Operation and maintenance services | 2,478,325 | - | - | 2,478,325 |
| School food service | - | 1,256,902 | - | 1,256,902 |
| Total expenditures | <u>\$ 25,491,400</u> | <u>\$ 1,256,902</u> | <u>\$ -</u> | <u>\$ 26,748,302</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,016,467)</u> | <u>\$ 79,267</u> | <u>\$ 1,893</u> | <u>\$ (935,307)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 256,467 | \$ - | \$ - | \$ 256,467 |
| Transfers out | - | - | (256,467) | (256,467) |
| Proceeds from issuance of QSCB | 760,000 | - | - | 760,000 |
| Total other financing sources (uses) | <u>\$ 1,016,467</u> | <u>\$ -</u> | <u>\$ (256,467)</u> | <u>\$ 760,000</u> |
| Net change in fund balances | \$ - | \$ 79,267 | \$ (254,574) | \$ (175,307) |
| Fund balances - beginning | - | 729,777 | 1,250,993 | 1,980,770 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ 809,044</u> | <u>\$ 996,419</u> | <u>\$ 1,805,463</u> |

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 6

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

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

| | | |
|--|----|-----------|
| Net change in fund balances - total governmental funds | \$ | (175,307) |
|--|----|-----------|

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

| | | | |
|-------------------|----|--------------------|------------------|
| Capital Additions | \$ | 2,323,044 | |
| Depreciation | | <u>(1,002,153)</u> | <u>1,320,891</u> |

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

(760,000)

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.

| | | | |
|---|----|-----------------|----------------|
| Capital outlay for jointly owned assets | \$ | 755,811 | |
| Other post-employment benefits expense | | <u>(14,805)</u> | <u>741,006</u> |

| | | |
|---|----|-------------------------|
| Change in net assets of governmental activities | \$ | <u><u>1,126,590</u></u> |
|---|----|-------------------------|

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

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2011

Note 1 - Summary of Significant Accounting Policies:

The Greenville County School Board (a component unit of the County of Greenville, Virginia) is governed by an appointed six member School Board. The Board consists of four representatives from the County of Greenville, Virginia and two representatives from the City of Emporia, Virginia. The Board of Supervisors is responsible for appointing the School Superintendent. The Board provides educational services for the children of the County of Greenville, Virginia and the City of Emporia, Virginia.

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 1 - Summary of Significant Accounting Policies: (continued)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The School Board has no proprietary or fiduciary funds. All funds of the School Board are considered major funds.

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 reporting model, governments provide budgetary comparison information in their annual reports including the government's original budget and a comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Greenville County School Board (a component unit of the County of Greenville, Virginia). 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. The Greenville County School Board (a component unit of the County of Greenville, Virginia) has no component units at June 30, 2011.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 1 - Summary of Significant Accounting Policies: (continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. 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 (instruction, school food, etc.) which are otherwise being supported by general government revenues. 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 (instruction, administrative, attendance, and health, etc.).

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.

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 1 - Summary of Significant Accounting Policies: (continued)

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

1. Governmental Funds (continued)

Governmental Funds account for the expendable financial resources, other than those accounted for in proprietary and similar trust funds. The Governmental Funds measurement focus is on determination of financial position and changes in financial position, rather than on net income determination. The individual Governmental funds are:

General Fund - The General 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 School Board which are not accounted for in other funds. Revenues are derived primarily from intergovernmental grants.

Special Revenue Funds - A fund that accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects.

Capital Projects Fund - A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

C. Budgets and Budgetary Accounting

The following procedures are used by the School Board in establishing the budgetary data reflected in the financial statements.

1. Prior to March 30, the School Board submits to the Board of Supervisors, a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget 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 by the Board of Supervisors of Greenville County.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors upon request by the School Board.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the Special Revenue Funds and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all School Board expenditures.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 1 - Summary of Significant Accounting Policies: (continued)

D. Cash and Cash Equivalents

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The School Board has no investments at June 30, 2011.

E. 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 "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

F. 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 School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u> | <u>Years</u> |
|-------------------------------|--------------|
| Buildings | 40 |
| Building improvements | 20-40 |
| Vehicles | 5 |
| Office and computer equipment | 5 |
| Buses | 10 |

G. Compensated Absences

In accordance with Governmental Accounting Standards Statement 16 "*Accounting for Compensated Absences*," the Greenville County School Board, (a component unit of the County of Greenville, Virginia), considered the liability arising from outstanding compensated absences.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 1 - Summary of Significant Accounting Policies: (continued)

G. Compensated Absences (continued)

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Assets. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that it is estimated will be taken as “terminal leave” prior to retirement. According to the personnel policy of Greenville County School Board, (a component unit of the County of Greenville, Virginia), employees are not eligible for any “terminal leave” prior to termination or retirement.

H. Fund Equity

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

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

In accordance with GASB Statement 54, when fund balance resources are available for a specific purpose in more than one classification, it is the School Board’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

I. Retirement Plan

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

J. 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.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 2 - Deposits and Investments:

Deposits

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

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 School Board has no investments at June 30, 2011.

Note 3 - Due From Other Governmental Units:

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

| | <u>General</u> | <u>School Cafeteria</u> |
|----------------------------------|----------------|-----------------------------|
| City of Emporia | \$ 150,258 | \$ - |
| Commonwealth of Virginia: | | |
| State sales tax | 375,465 | - |
| Special education - jails | 2,971 | - |
| Federal Government: | | |
| 21st century learning | 94,591 | - |
| Preschool Handicapped | 1,836 | - |
| State fiscal stabilization funds | 10,000 | - |
| Title I | 471,955 | - |
| Title I - ARRA | 34,231 | - |
| Title II | 40,352 | - |
| Title II - ARRA | 3,788 | - |
| Title VI-B | 223,963 | - |
| Title VI-B - ARRA | 114,532 | - |
| Vocational education | 7,492 | - |
| School food program | - | 165,119 |
| Total due from other governments | \$ 1,381,176 | \$ 165,119 |

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 3 - Due From Other Governmental Units: (continued)

Amounts due to other governments are as follows:

| | |
|--------------------------|-------------------|
| Other Local Governments: | |
| County of Greenville | \$ 591,812 |
| | <u>\$ 591,812</u> |

Note 4 - Interfund Transfers:

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

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------|---------------------|----------------------|
| General | \$ - | \$ 256,467 |
| School Capital Projects | 256,467 | - |
| Total | <u>\$ 256,467</u> | <u>\$ 256,467</u> |

Transfers were made for debt service reserves.

Note 5 - Capital Assets:

The following is a summary of changes in the capital assets during the year:

Discretely Presented Component Unit School Board:

| | <u>Balance July 1, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2011</u> |
|---|---------------------------------|----------------------|----------------------|----------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 442,775 | \$ - | \$ - | \$ 442,775 |
| Construction in progress | 455,703 | 841,704 | - | 1,297,407 |
| Total capital assets not being depreciated | <u>\$ 898,478</u> | <u>\$ 841,704</u> | <u>\$ -</u> | <u>\$ 1,740,182</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 21,993,679 | \$ 13,512,555 | \$ - | \$ 35,506,234 |
| Machinery and equipment | 3,554,968 | 208,045 | - | 3,763,013 |
| Jointly owned assets | (6,197,369) | 1,273,295 | 13,512,555 | (18,436,629) |
| Total capital assets being depreciated | <u>\$ 19,351,278</u> | <u>\$ 14,993,895</u> | <u>\$ 13,512,555</u> | <u>\$ 20,832,618</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$ 9,362,471 | \$ 839,648 | \$ - | \$ 10,202,119 |
| Machinery and equipment | 2,061,345 | 350,494 | - | 2,411,839 |
| Jointly owned assets | (2,161,461) | 272,927 | 460,916 | (2,349,450) |
| Total accumulated depreciation | <u>\$ 9,262,355</u> | <u>\$ 1,463,069</u> | <u>\$ 460,916</u> | <u>\$ 10,264,508</u> |
| Total capital assets being depreciated, net | <u>\$ 10,088,923</u> | <u>\$ 13,530,826</u> | <u>\$ 13,051,639</u> | <u>\$ 10,568,110</u> |
| Governmental activities capital assets, net | <u>\$ 10,987,401</u> | <u>\$ 14,372,530</u> | <u>\$ 13,051,639</u> | <u>\$ 12,308,292</u> |

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 5 - Capital Assets: (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|------------------------------------|---------------------|
| Governmental activities: | |
| Instruction | \$ 1,197,180 |
| Pupil transportation services | 256,696 |
| Operation and maintenance services | 5,545 |
| School food service | 3,648 |
| | <u>\$ 1,463,069</u> |

Note 6 - Local Contributions:

Due to GASB 34, school boards no longer show debt obligations. Because the School Board legally cannot issue debt, the debt is shown on the County's financial statements. Although the School Board pays annual debt service, the expenditure is reported as being made by the County. In order for this presentation, the local contribution is reduced by the expenditure of debt service as follows:

| | Actual Net Contribution By Localities | Principal Payments | Interest Payments | Contributions per financial statements |
|------------|---|-----------------------|----------------------|--|
| Greenville | \$ 3,684,845 | \$ 1,316,422 | \$ 786,040 | \$ 1,582,383 |
| Emporia | 3,177,311 | - | - | 3,177,311 |
| Total | <u>\$ 6,862,156</u> | <u>\$ 1,316,422</u> | <u>\$ 786,040</u> | <u>\$ 4,759,694</u> |

Note 7 - Defined Benefit Pension Plan:

A. Plan Description:

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

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

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2: Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 7 - Defined Benefit Pension Plan: (continued)

A. Plan Description: (continued)

Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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

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

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

B. Funding Policy

Non-professional

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation to the VRS. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2011 was 6.66% of annual covered payroll.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 7 - Defined Benefit Pension Plan: (continued)

C. Annual Pension Cost

Non-professional

For fiscal year 2011, the School Board's annual pension cost of \$71,094 (does not include employee share of \$53,374 which was assumed by the School Board) was equal to the School Board's required and actual contributions.

| Three-Year Trend Information for School Board - Primary Government | | | |
|--|------------------------------|----------------------------------|---------------------------|
| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| June 30, 2009 | \$ 80,569 | 100% | \$ - |
| June 30, 2010 | 82,895 | 100% | - |
| June 30, 2011 | 71,094 | 100% | - |

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

D. Funded Status and Funding Progress

Non-professional

As of June 30, 2010, the most recent actuarial valuation date, the plan was 84.30% funded. The actuarial accrued liability for benefits was \$5,650,682, and the actuarial value of assets was \$4,763,492, resulting in an unfunded actuarial accrued liability (UAAL) of \$887,190. The covered payroll (annual payroll of active employees covered by the plan) was \$1,187,574 and ratio of the UAAL to the covered payroll was 74.71%.

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 for benefits.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 7 - Defined Benefit Pension Plan: (continued)

Professional Employees

A. Plan Description

The Greenville School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500 or a copy may be downloaded from the VRS website at <http://www.varetire.org/Pdf/publications/2009-AnnualReport.pdf>.

B. Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Greenville School Board is required to contribute at an actuarially determined rate. The current rate is 8.81% of annual covered payroll. The contribution requirements of plan members and Greenville School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2011, 2010, and 2009 were \$1,073,335, \$840,589 and \$1,128,094 respectively, equal to the required contributions for each year.

Note 8 - Surety Bond Information:

Officials designated in the following summary were under bond in the amounts indicated:

| | |
|---|-----------|
| Hartford Accident and Indemnity Company - Surety: | |
| Philip L. Worrell, Superintendent | \$ 10,000 |
| Angela B. Wilson, Clerk of School Board | 10,000 |
| Rick L. Pirkey, Deputy Clerk of the School Board | 10,000 |
| Romine T. Braswell, Bookkeeper | 10,000 |
| Lisa Harrell, Payroll Clerk | 10,000 |
| LaTina Smith, Administrative Assistant | 10,000 |

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 9 - Commitments and Contingencies:

The Board participates in a number of federal and state grants, and loan programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives. Furthermore, the U.S. Congress passed legislation entitled the “*Single Audit Act Amendments of 1996*” which requires most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in the County of Greenville, Virginia’s Financial Report. Complete financial statements for the County of Greenville, Virginia are available at 1781 Greenville County Circle, Emporia, Virginia, 23093.

Note 10 - Risk Management:

The School Board 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 School Board joined together with other local governments in Virginia to form the Virginia Association of Counties Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The School Board pays an annual premium to the association for its general liability insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association 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 Board continues to carry workman’s compensation commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - Litigation:

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

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 12 - City/County School Cost Agreement:

The City of Emporia and the County of Greenville are parties to an agreement that contains provisions for cost sharing, representation and other matters relating to the Greenville County Public School System. The current agreement expires December 13, 2013.

Pursuant to an agreement between the above parties, the School Board has recorded a \$500,000 long-term advance. The amount was allocated between the County and City based upon fiscal year 2006 allocated expenditures. The allocated amounts are as follows:

| | |
|-------------------------|-------------------|
| County of Greenville | \$ 275,000 |
| City of Emporia | 225,000 |
| Total long-term advance | <u>\$ 500,000</u> |

Note 13 - Other Post-Employment Benefits Program:

Background

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

A. Plan Description

In addition to the pension benefits described in Note 7, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from School Board service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) has the ability to remain on the School Board's medical and dental insurance plans up to the age when they become eligible for Medicare (age 65). The retiree's spouse can also receive benefits under the plan.

B. Funding Policy

Individuals retiring from the School Board have the ability to remain on the School Board's medical and dental insurance plans. The School Board does not offer a subsidy towards the retiree or the retiree's spouse's premiums.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 13 - Other Post-Employment Benefits Program: (continued)

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation to the Retiree Health Plan:

| | |
|--|--------------------------|
| Annual required contribution | \$ 83,305 |
| Interest on net OPEB obligation | 4,200 |
| Adjustment to annual required contribution | <u>(4,500)</u> |
| Annual OPEB cost (expense) | \$ 83,005 |
| Estimated contributions made | <u>(68,200)</u> |
| Increase in net OPEB obligation | \$ <u>14,805</u> |
| Net OPEB obligation - beginning of year | \$ <u>106,595</u> |
| Net OPEB obligation - end of year | \$ <u><u>121,400</u></u> |

For 2011, the School Board's cash payment of \$68,200 was \$14,805 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------------|-----------------------------|---|--------------------------------|
| June 30, 2009 | \$ 94,100 | 57.00% | \$ 53,300 |
| June 30, 2010 | 94,095 | 43.36% | 106,595 |
| June 30, 2011 | 83,005 | 82.16% | 121,400 |

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 13 - Other Post-Employment Benefits Program: (continued)

Funded Status and Funding Progress

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

| | |
|---|--------------|
| Actuarial accrued liability (AAL) | \$ 1,063,000 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | 1,063,000 |
| Funded ratio (actuarial value of plan assets/AAL) | - |
| Covered payroll (active plan members) | 1,187,574 |
| UAAL as a percentage of covered payroll | 89.51% |

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.

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 each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at 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.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Both rates included a 2.5% 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, 2010 was thirty years.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

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

Note 13 - Other Post-Employment Benefits Program: (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.

Interest Assumptions

| | <u>Unfunded</u> |
|------------------------------|-----------------|
| Investment rate of return | 4.00% |
| Health cost trend assumption | 10.00% |
| Payroll growth | 2.50% |

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.

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 7

General Fund

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

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------------|---------------|----------------|-----------------------|
| | Original | Final | Amounts | Final Budget - |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 1,000 | \$ 1,000 | \$ 11,653 | \$ 10,653 |
| Charges for services | 3,253,094 | 3,253,094 | 3,515,856 | 262,762 |
| Miscellaneous | 76,500 | 76,500 | 257,164 | 180,664 |
| Intergovernmental revenues: | | | | |
| County contribution to school board | 3,633,426 | 3,633,426 | 1,582,383 | (2,051,043) |
| Commonwealth | 16,083,057 | 16,083,057 | 15,535,324 | (547,733) |
| Federal | 3,968,301 | 3,968,301 | 3,572,553 | (395,748) |
| Total revenues | \$ 27,015,378 | \$ 27,015,378 | \$ 24,474,933 | \$ (2,540,445) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education: | | | | |
| Instruction | \$ 21,541,039 | \$ 21,541,039 | \$ 20,079,406 | \$ 1,461,633 |
| Administration, attendance and health | 1,047,273 | 1,047,273 | 1,004,574 | 42,699 |
| Pupil transportation services | 1,706,257 | 1,706,257 | 1,929,095 | (222,838) |
| Operation and maintenance services | 2,720,809 | 2,720,809 | 2,478,325 | 242,484 |
| Total expenditures | \$ 27,015,378 | \$ 27,015,378 | \$ 25,491,400 | \$ 1,523,978 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ (1,016,467) | \$ (1,016,467) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ - | \$ 256,467 | \$ 256,467 |
| Proceeds from issuance of QSCB | - | - | 760,000 | 760,000 |
| Total other financing sources and uses | \$ - | \$ - | \$ 1,016,467 | \$ 1,016,467 |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 8

School Cafeteria Fund

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

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------------|---------------------|---------------------|-----------------------|
| | Original | Final | Amounts | Final Budget - |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 382,000 | \$ 382,000 | \$ 243,683 | \$ (138,317) |
| Intergovernmental revenues: | | | | |
| Commonwealth | 26,668 | 26,668 | 25,158 | (1,510) |
| Federal | 958,105 | 958,105 | 1,067,328 | 109,223 |
| Total revenues | <u>\$ 1,366,773</u> | <u>\$ 1,366,773</u> | <u>\$ 1,336,169</u> | <u>\$ (30,604)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| School food services | \$ 1,366,773 | \$ 1,366,773 | \$ 1,256,902 | \$ 109,871 |
| Total expenditures | <u>\$ 1,366,773</u> | <u>\$ 1,366,773</u> | <u>\$ 1,256,902</u> | <u>\$ 109,871</u> |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ 79,267 | \$ 79,267 |
| Net change in fund balances | \$ - | \$ - | \$ 79,267 | \$ 79,267 |
| Fund balances - beginning | - | - | 729,777 | 729,777 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 809,044</u> | <u>\$ 809,044</u> |

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 9

Required Supplementary Information
Schedules of Funding Progress
For the Year Ended June 30, 2011

| Virginia Retirement System | | | | | | |
|--------------------------------|--|--|---|--------------------------|-------------------------------------|---|
| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
| | (a) | (b) | (b-a) | | | |
| 06/30/10 | \$ 4,763,492 | \$ 5,650,682 | \$ 887,190 | 84.30% | \$ 1,187,574 | 74.71% |
| 06/30/09 | 4,763,967 | 5,146,865 | 382,898 | 92.56% | 1,181,911 | 32.40% |
| 06/30/08 | 4,747,185 | 4,928,233 | 181,048 | 96.33% | 1,030,614 | 17.57% |

| Other-Post Employment Benefits | | | | | | |
|--------------------------------|--|--|---|--------------------------|-------------------------------------|---|
| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
| | (a) | (b) | (b-a) | | | |
| 07/01/10 | \$ - | \$ 1,063,000 | \$ 1,063,000 | 0.00% | \$ 1,187,574 | 89.51% |
| 01/01/09 | - | 901,600 | 901,600 | 0.00% | 1,030,614 | 87.48% |

OTHER SUPPLEMENTARY INFORMATION

- *Supporting Schedules* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1
Page 1 of 3

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|----------------------------|-------------------------|---------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ - | \$ - | \$ 4,189 | \$ 4,189 |
| Revenue from use of property | 1,000 | 1,000 | 7,464 | 6,464 |
| Total revenue from use of money and property | \$ 1,000 | \$ 1,000 | \$ 11,653 | \$ 10,653 |
| Charges for services: | | | | |
| Tuition - City of Emporia (Note 6) | \$ 3,222,094 | \$ 3,222,094 | \$ 3,177,311 | \$ (44,783) |
| Charges to other localities | 31,000 | 31,000 | 338,545 | 307,545 |
| Total charges for services | \$ 3,253,094 | \$ 3,253,094 | \$ 3,515,856 | \$ 262,762 |
| Miscellaneous revenue: | | | | |
| Miscellaneous | \$ 76,500 | \$ 76,500 | \$ 257,164 | \$ 180,664 |
| Total miscellaneous revenue | \$ 76,500 | \$ 76,500 | \$ 257,164 | \$ 180,664 |
| Total revenue from local sources | \$ 3,330,594 | \$ 3,330,594 | \$ 3,784,673 | \$ 454,079 |
| Intergovernmental revenues: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Greenville, Virginia (Note 6) | \$ 3,633,426 | \$ 3,633,426 | \$ 1,582,383 | \$ (2,051,043) |
| Total revenues from local governments | \$ 3,633,426 | \$ 3,633,426 | \$ 1,582,383 | \$ (2,051,043) |
| Revenue from the Commonwealth: | | | | |
| Other categorical aid: | | | | |
| Share of state sales tax | \$ 2,112,007 | \$ 2,112,007 | \$ 2,198,344 | \$ 86,337 |
| Basic school aid | 8,707,661 | 8,707,661 | 8,071,980 | (635,681) |
| Remedial education | 424,135 | 424,135 | 416,309 | (7,826) |
| Gifted and talented | 89,449 | 89,449 | 87,788 | (1,661) |
| GED | 7,859 | 7,859 | 7,859 | - |
| Special education | 1,051,765 | 1,051,765 | 1,032,384 | (19,381) |
| Textbook payment | 104,436 | 104,436 | 102,497 | (1,939) |
| Remedial summer school | 142,199 | 142,199 | 132,670 | (9,529) |
| Vocational education | 283,005 | 283,005 | 277,800 | (5,205) |
| Vocational education - equipment | 33,730 | 33,730 | 5,925 | (27,805) |
| Group life fringe benefits | 19,877 | 19,877 | 19,509 | (368) |
| Social security fringe benefits | 529,486 | 529,486 | 519,704 | (9,782) |
| Retirement fringe benefits | 312,821 | 312,821 | 307,062 | (5,759) |
| Early reading intervention | 56,333 | 56,333 | 44,543 | (11,790) |
| Homebound | 44,796 | 44,796 | 31,598 | (13,198) |
| School construction | 121,946 | 121,946 | - | (121,946) |
| Special education - regional | - | - | 55,972 | 55,972 |
| Special education - jails | 10,469 | 10,469 | 10,874 | 405 |
| Enrollment loss | - | - | 125,037 | 125,037 |
| Regional Governor's school | - | - | 19,794 | 19,794 |
| At risk payments | 653,776 | 653,776 | 641,394 | (12,382) |
| At risk payments - 4 year olds | 359,908 | 359,908 | 359,908 | - |

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1
Page 2 of 3

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|--------------------|-----------------|---------------|---|
| General Fund: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Other categorical aid: (continued) | | | | |
| Primary class size | \$ 655,081 | \$ 655,081 | \$ 624,306 | \$ (30,775) |
| Vocational occupational/technical education | - | - | 27,282 | 27,282 |
| Technology Initiative | 154,000 | 154,000 | 154,000 | - |
| Standards of Learning algebra readiness | 50,764 | 50,764 | 58,115 | 7,351 |
| Mentor teacher program | - | - | 3,203 | 3,203 |
| Administrative software | - | - | 42,810 | 42,810 |
| Other state funds | 157,554 | 157,554 | 156,657 | (897) |
| Total other categorical aid | \$ 16,083,057 | \$ 16,083,057 | \$ 15,535,324 | \$ (547,733) |
| Total categorical aid | \$ 16,083,057 | \$ 16,083,057 | \$ 15,535,324 | \$ (547,733) |
| Total revenue from the Commonwealth | \$ 16,083,057 | \$ 16,083,057 | \$ 15,535,324 | \$ (547,733) |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Title I | \$ 846,775 | \$ 846,775 | \$ 848,734 | \$ 1,959 |
| Title I - ARRA | - | - | 235,373 | 235,373 |
| Title VI-B, special education flow-through | 685,163 | 685,163 | 557,705 | (127,458) |
| Title VI-B, special education flow-through - ARRA | - | - | 375,797 | 375,797 |
| Vocational education | 35,000 | 35,000 | 56,764 | 21,764 |
| Title VI-B, special education pre-school | - | - | 4,175 | 4,175 |
| Title VI-B, special education pre-school - ARRA | - | - | 14,229 | 14,229 |
| Title II-A Teacher Quality | 56,287 | 56,287 | 133,948 | 77,661 |
| Drug free schools | 25,000 | 25,000 | 8,739 | (16,261) |
| Title V-A | - | - | 61,159 | 61,159 |
| Title II - D, Education technology | - | - | 3,850 | 3,850 |
| Title II - D, Education technology - ARRA | - | - | 4,901 | 4,901 |
| 21st century learning | - | - | 371,088 | 371,088 |
| State fiscal stabilization funds | - | - | 811,655 | 811,655 |
| Other federal funds | 2,320,076 | 2,320,076 | 84,436 | (2,235,640) |
| Total categorical aid | \$ 3,968,301 | \$ 3,968,301 | \$ 3,572,553 | \$ (395,748) |
| Total revenue from the federal government | \$ 3,968,301 | \$ 3,968,301 | \$ 3,572,553 | \$ (395,748) |
| Total General Fund | \$ 27,015,378 | \$ 27,015,378 | \$ 24,474,933 | \$ (2,540,445) |

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-----------------|---------------|---|
| School Cafeteria Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Cafeteria sales | \$ 382,000 | \$ 382,000 | \$ 243,683 | \$ (138,317) |
| Total charges for services | \$ 382,000 | \$ 382,000 | \$ 243,683 | \$ (138,317) |
| Categorical aid: | | | | |
| School food | \$ 26,668 | \$ 26,668 | \$ 25,158 | \$ (1,510) |
| Total categorical aid | \$ 26,668 | \$ 26,668 | \$ 25,158 | \$ (1,510) |
| Total revenue from the Commonwealth | \$ 26,668 | \$ 26,668 | \$ 25,158 | \$ (1,510) |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| School food | \$ 958,105 | \$ 958,105 | \$ 1,067,328 | \$ 109,223 |
| Total categorical aid | \$ 958,105 | \$ 958,105 | \$ 1,067,328 | \$ 109,223 |
| Total revenue from the federal government | \$ 958,105 | \$ 958,105 | \$ 1,067,328 | \$ 109,223 |
| Total School Cafeteria Fund | \$ 1,366,773 | \$ 1,366,773 | \$ 1,336,169 | \$ (30,604) |
| School Capital Projects Fund: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 1,893 | \$ 1,893 |
| Total revenue from use of money and property | \$ - | \$ - | \$ 1,893 | \$ 1,893 |
| Total revenue from local sources | \$ - | \$ - | \$ 1,893 | \$ 1,893 |
| Total School Capital Projects | \$ - | \$ - | \$ 1,893 | \$ 1,893 |
| Total all funds | \$ 28,382,151 | \$ 28,382,151 | \$ 25,812,995 | \$ (2,569,156) |

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 2

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|----------------------|----------------------|----------------------|---|
| General Fund: | | | | |
| Education: | | | | |
| Instruction | \$ 21,541,039 | \$ 21,541,039 | \$ 20,079,406 | \$ 1,461,633 |
| Administration, attendance and health | 1,047,273 | 1,047,273 | 1,004,574 | 42,699 |
| Pupil transportation | 1,706,257 | 1,706,257 | 1,929,095 | (222,838) |
| Operation and maintenance | <u>2,720,809</u> | <u>2,720,809</u> | <u>2,478,325</u> | <u>242,484</u> |
| Total education | <u>\$ 27,015,378</u> | <u>\$ 27,015,378</u> | <u>\$ 25,491,400</u> | <u>\$ 1,523,978</u> |
| Total School Operating Fund | <u>\$ 27,015,378</u> | <u>\$ 27,015,378</u> | <u>\$ 25,491,400</u> | <u>\$ 1,523,978</u> |
| School Cafeteria Fund: | | | | |
| School Food Service: | | | | |
| School food administration | <u>\$ 1,366,773</u> | <u>\$ 1,366,773</u> | <u>\$ 1,256,902</u> | <u>\$ 109,871</u> |
| Total All Funds | <u>\$ 28,382,151</u> | <u>\$ 28,382,151</u> | <u>\$ 26,748,302</u> | <u>\$ 1,633,849</u> |

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO THE SCHOOL BOARD OF GREENSVILLE COUNTY EMPORIA, VIRGINIA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville County School Board (a component unit of the County of Greenville, Virginia), as of and for the year ended June 30, 2011, which collectively comprise the Greenville County School Board's basic financial statements and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted other matters involving the internal control and operations that we have reported to management of the Greenville County School Board in a separate letter dated December 19, 2011.

This report is intended solely for the information and use of management, the School Board and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 19, 2011