



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012

COUNTY OF CHARLOTTE, VIRGINIA

FINANCIAL REPORT

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Financial Report
Year Ended June 30, 2012

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COUNTY OF CHARLOTTE, VIRGINIA

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COUNTY OF CHARLOTTE, VIRGINIA

Board of Supervisors

David M. Guill , Chairman
Nancy R. Carwile, Vice-Chairman

Gary D. Walker
Garland H. Hamlett Jr.
Haywood J. Hamlet

Joseph E. Carey, Sr.
Robert L. Shook, Jr.

School Board

Thomas E. Locke, Jr., Chairman
William B. Devin, Vice-Chairman
Kimberly O. Pillow

Barry K. Mason
Henry W. Carwile, Jr.

Brett Arbogast
Robbie Mason

Board of Public Welfare

Barbara B. Duffer, Chairman
Novella Saunders, Vice-Chairman

Alex A. Haskins
Jean Elliott
Larry Fannon

SamiDail Gilley
Gloria Talbott
Gary D. Walker

Library Board

Eleanor B. Williams, Chairman
Velda Agee, Secretary
Ruth Brogdon

Teresa Osborne
Barbara B. Hamlett

Winnie Morris
Jean Elliot

Other Officials

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

Joel Cunningham
Stuart B. Fallen
J. William Watson, Jr.
S. Anderson Nelson
William E. Green, Jr.
Naisha N. Pridgen
Patricia P. Berkeley
Thomas D. Jones
Melody Hackney
Sari C. Goff
James C. Watkins
Russell B. Clark

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Charlotte
Charlotte Court House, Virginia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Charlotte, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Charlotte, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Charlotte, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Charlotte, Virginia, as of June 30, 2012, and the 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 4, 2012, on our consideration of the County of Charlotte, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Charlotte, Virginia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical 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, Farmer, Cox Associates
Charlottesville, Virginia
December 4, 2012

Management's Discussion and Analysis

To the Citizens of Charlotte County County of Charlotte, Virginia

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

Financial Highlights

Government-wide Financial Statements

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$11,480,032 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources of \$556,198 (Exhibit 5) after making contributions totaling \$4,016,520 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$9,332,873, an increase of \$556,198 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,539,515, or 48% of total general fund expenditures.
- Our combined long-term obligations increased \$1,073,321 during the current fiscal year.

Overview of the Financial Statements

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board and the Library. The School Board and Library do not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$11,480,032 at the close of the most recent fiscal year.

County of Charlotte, Virginia's Net Assets		
	Governmental Activities	
	2012	2011
Current and other assets	\$ 10,823,471	\$ 9,913,010
Capital assets	<u>6,265,496</u>	<u>6,290,084</u>
Total assets	<u>\$ 17,088,967</u>	<u>\$ 16,203,094</u>
Long-term liabilities outstanding	\$ 4,556,973	\$ 3,483,652
Current liabilities	<u>1,051,962</u>	<u>704,829</u>
Total liabilities	<u>\$ 5,608,935</u>	<u>\$ 4,188,481</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 4,208,310	\$ 4,785,198
Restricted for Library	245,101	266,746
Unrestricted	<u>7,026,621</u>	<u>6,962,669</u>
Total net assets	<u>\$ 11,480,032</u>	<u>\$ 12,014,613</u>

At the end of the current fiscal year, the County's investment in capital assets net of related debt is \$4,208,310. The County's net assets restricted for Library use is \$245,101. The remaining \$7,026,621 of net assets is unrestricted and available for use at the County's discretion.

The County's net assets decreased by a total of \$534,581 during the current fiscal year.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities decreased the County's net assets by \$534,581. Key elements of this increase are as follows:

- The County issued \$1,500,000 in new general obligation bonds

	Governmental Activities	
	2012	2011
County of Charlotte, Virginia's Change in Net Assets		
Revenues:		
Program revenues:		
Charges for services	\$ 623,029	\$ 675,278
Operating grants and contributions	7,121,806	6,595,190
General revenues:		
Property taxes	6,443,161	9,332,210
Other local taxes	1,053,969	1,176,624
Grants and other contributions unrestricted	842,788	749,669
Other	944,338	995,159
Total revenues	<u>\$ 17,029,091</u>	<u>\$ 19,524,130</u>
Expenses:		
General government	\$ 1,467,594	\$ 1,239,455
Judicial administration	560,488	569,155
Public safety	3,617,834	3,588,708
Public works	1,213,874	1,392,987
Health and welfare	5,184,311	5,443,673
Education	4,195,289	3,704,470
Parks, recreation and culture	309,725	333,627
Community development	922,497	565,944
Interest	92,060	102,899
Total expenses	<u>\$ 17,563,672</u>	<u>\$ 16,940,918</u>
Increases (decrease) in net assets	\$ (534,581)	\$ 2,583,212
Net assets-beginning	<u>12,014,613</u>	<u>9,431,401</u>
Net assets-ending	<u>\$ 11,480,032</u>	<u>\$ 12,014,613</u>

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

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

Government-wide Financial Analysis: (Continued)

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 County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$9,332,873, an increase of \$556,198 in comparison with the prior year. Approximately 97% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$4,063,564 and can be briefly summarized as follows:

- \$27,351 in increases for Public Works
- \$1,205,158 in increases for health and welfare
- \$141,779 in increases to other functions
- \$981,424 in increases for Community Development
- \$12,877 in increases for Judicial Administration
- \$194,975 in increases for Public Safety
- \$1,500,000 in increases for Capital Projects

The budget increases were to be funded from federal revenue increases. During the year, revenues were less than budgetary estimates by \$1,358,203. Expenditures were less than budgetary estimates by \$2,326,946.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2012 amounts to \$6,265,496 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

	<u>County of Charlotte, Virginia's Capital Assets</u>	
	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 240,555	\$ 239,755
Construction in progress	384,362	
Buildings and improvements	7,037,469	6,837,469
Equipment	1,769,382	1,716,323
Tenancy in common	841,990	1,099,064
	<u>10,273,758</u>	<u>9,892,611</u>
Total	\$ 10,273,758	\$ 9,892,611
Less accumulated depreciation	<u>(4,008,262)</u>	<u>(3,602,527)</u>
Net capital assets	<u>\$ 6,265,496</u>	<u>\$ 6,290,084</u>

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

Capital Asset and Debt Administration: (Continued)

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$2,341,990 comprised debt backed by the full faith and credit of the County. The following table depicts all debt reported by the County:

County of Charlotte, Virginia's Outstanding Obligations		
	Governmental Activities	
	2012	2011
General obligation bonds	\$ 2,341,990	\$ 1,099,064
Capital leases	2,132	26,679
Lease revenue notes	261,266	379,142
Compensated absences	167,922	167,271
Other post-employment benefits	61,700	40,700
Landfill closure liability	<u>1,721,963</u>	<u>1,770,796</u>
Total	<u>\$ 4,556,973</u>	<u>\$ 3,483,652</u>

Legislation enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board be assumed by the primary government. The legislation affects the reporting of local school capital assets as well.

The County's total debt increased by \$1,073,321 during the current fiscal year.

Additional information on the County of Charlotte, Virginia's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 8.8 percent, which is down from 9.6 percent as reported in the previous year. This compares unfavorably to the state's average unemployment rate of 6 percent and the national average rate of 8.4 percent.

Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the County's budget for the 2012 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Charlotte, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 250 Legrande Avenue, Charlotte Courthouse, Virginia 23923.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2012

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>School Board</u>
ASSETS		
Cash and cash equivalents	\$ 7,326,321	\$ 1,021,142
Investments	-	327,569
Receivables (net of allowance for uncollectibles):		
Taxes receivable	611,439	-
Accounts receivable	154,387	178,663
Inventory	-	11,930
Due from component unit	1,207,180	-
Due from other governmental units	730,841	678,961
Prepaid items	-	741,327
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	548,202	-
Investments	145,101	-
Permanently restricted:		
Investments	100,000	-
Capital assets (net of accumulated depreciation):		
Land	240,555	65,745
Buildings and improvements	5,134,390	6,986,611
Machinery and equipment	506,189	881,357
Construction in progress	384,362	-
Total assets	<u>\$ 17,088,967</u>	<u>\$ 10,893,305</u>
LIABILITIES		
Accounts payable	\$ 943,043	\$ 462,548
Accrued liabilities	-	840,601
Accrued interest payable	25,470	552
Due to primary government	-	1,207,180
Unearned revenue	83,449	-
Long-term liabilities:		
Due within one year	484,897	18,743
Due in more than one year	4,072,076	1,395,543
Total liabilities	<u>\$ 5,608,935</u>	<u>\$ 3,925,167</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 4,208,310	\$ 6,810,427
Restricted for:		
Library	245,101	-
Unrestricted	7,026,621	157,711
Total net assets	<u>\$ 11,480,032</u>	<u>\$ 6,968,138</u>

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

Statement of Activities
For the Year Ended June 30, 2012

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 Governmental Activities	Component Unit School Board
Primary Government:						
Governmental activities:						
General government						
administration	\$ 1,467,594	\$ 49,449	\$ 217,633	\$ -	\$ (1,200,512)	\$ -
Judicial administration	560,488	46,547	335,118	-	(178,823)	-
Public safety	3,617,834	473,109	1,706,687	-	(1,438,038)	-
Public works	1,213,874	49,149	32,626	-	(1,132,099)	-
Health and welfare	5,184,311	-	4,137,391	-	(1,046,920)	-
Education	4,195,289	-	-	-	(4,195,289)	-
Parks, recreation, and cultural	309,725	4,775	42,351	-	(262,599)	-
Community development	922,497	-	650,000	-	(272,497)	-
Interest on long-term debt	92,060	-	-	-	(92,060)	-
Total governmental activities	\$ 17,563,672	\$ 623,029	\$ 7,121,806	\$ -	\$ (9,818,837)	\$ -
Total primary government	\$ 17,563,672	\$ 623,029	\$ 7,121,806	\$ -	\$ (9,818,837)	\$ -
Component Unit:						
School Board	\$ 20,264,289	\$ 424,222	\$ 15,977,994	\$ -	\$ -	\$ (3,862,073)
Total component unit	\$ 20,264,289	\$ 424,222	\$ 15,977,994	\$ -	\$ -	\$ (3,862,073)
General revenues:						
General property taxes				\$ 6,443,161	\$ -	
Other local taxes:						
Local sales and use taxes				487,014	-	
Consumer utility taxes				218,078	-	
Motor vehicle licenses				283,371	-	
Other local taxes				65,506	-	
Unrestricted revenues from use of money and property				203,431	2,584	
Miscellaneous				740,907	655,226	
Grants and contributions not restricted to specific programs				842,788	-	
Payments from Charlotte County				-	4,191,814	
Loss on disposal of capital assets				-	(8,539)	
Total general revenues				\$ 9,284,256	\$ 4,841,085	
Change in net assets				\$ (534,581)	\$ 979,012	
Net assets - beginning				12,014,613	5,989,126	
Net assets - ending				\$ 11,480,032	\$ 6,968,138	

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

Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2012

	General	Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 7,326,266	\$ 55	\$ 7,326,321
Receivables (net of allowance for uncollectibles):			
Taxes receivable	611,439	-	611,439
Accounts receivable	154,387	-	154,387
Due from component unit	1,207,180	-	1,207,180
Due from other funds	-	8,888	8,888
Due from other governmental units	730,841	-	730,841
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	548,202	-	548,202
Investments	-	145,101	145,101
Permanently restricted:			
Investments	-	100,000	100,000
Total assets	<u>\$ 10,578,315</u>	<u>\$ 254,044</u>	<u>\$ 10,832,359</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 934,155	\$ 8,888	\$ 943,043
Due to other funds	8,888	-	8,888
Deferred revenue	547,555	-	547,555
Total liabilities	<u>\$ 1,490,598</u>	<u>\$ 8,888</u>	<u>\$ 1,499,486</u>
Fund balances:			
Nonspendable:			
Permanent fund corpus	\$ -	\$ 100,000	\$ 100,000
Restricted for:			
Library operations	-	145,101	145,101
Assigned to:			
Library operations	-	55	55
Future capital projects	548,202	-	548,202
Unassigned, reported in:			
General fund	8,539,515	-	8,539,515
Total fund balances	<u>\$ 9,087,717</u>	<u>\$ 245,156</u>	<u>\$ 9,332,873</u>
Total liabilities and fund balances	<u>\$ 10,578,315</u>	<u>\$ 254,044</u>	<u>\$ 10,832,359</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,332,873
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,265,496
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		464,106
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable	\$	(25,470)
Long-term liabilities outstanding		<u>(4,556,973)</u>
		(4,582,443)
Net assets of governmental activities	\$	<u><u>11,480,032</u></u>

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, 2012

	General	Other Govern- mental Funds	Total
REVENUES			
General property taxes	\$ 6,454,689	\$ -	\$ 6,454,689
Other local taxes	1,053,969	-	1,053,969
Permits, privilege fees, and regulatory licenses	57,974	-	57,974
Fines and forfeitures	163,470	-	163,470
Revenue from the use of money and property	209,643	(6,212)	203,431
Charges for services	396,810	4,775	401,585
Miscellaneous	740,012	95	740,107
Intergovernmental revenues:			
Commonwealth	4,610,173	42,351	4,652,524
Federal	3,312,070	-	3,312,070
Total revenues	<u>\$ 16,998,810</u>	<u>\$ 41,009</u>	<u>\$ 17,039,819</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,311,671	\$ -	\$ 1,311,671
Judicial administration	530,529	-	530,529
Public safety	3,560,627	-	3,560,627
Public works	1,176,084	-	1,176,084
Health and welfare	5,167,086	-	5,167,086
Education	4,019,995	-	4,019,995
Parks, recreation, and cultural	67,060	242,314	309,374
Community development	920,971	-	920,971
Nondepartmental	100,707	-	100,707
Capital projects	376,362	-	376,362
Debt service:			
Principal retirement	399,497	-	399,497
Interest and other fiscal charges	110,718	-	110,718
Total expenditures	<u>\$ 17,741,307</u>	<u>\$ 242,314</u>	<u>\$ 17,983,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (742,497)</u>	<u>\$ (201,305)</u>	<u>\$ (943,802)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 179,715	\$ 179,715
Transfers (out)	(179,715)	-	(179,715)
Proceeds from general obligation bond	1,500,000	-	1,500,000
Total other financing sources (uses)	<u>\$ 1,320,285</u>	<u>\$ 179,715</u>	<u>\$ 1,500,000</u>
Net change in fund balances	\$ 577,788	\$ (21,590)	\$ 556,198
Fund balances - beginning	8,509,929	266,746	8,776,675
Fund balances - ending	<u>\$ 9,087,717</u>	<u>\$ 245,156</u>	<u>\$ 9,332,873</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, 2012

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

Net change in fund balances - total governmental funds	\$	556,198
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Capital outlay	\$	662,421	
Depreciation expense		(512,515)	
Transfer of asset from component unit		800	
Joint assets		<u>(175,294)</u>	(24,588)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(11,528)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Change in landfill closure and post-closure liability	\$	48,833	
Issuance of general obligation bond		(1,500,000)	
Principal payments		<u>399,497</u>	(1,051,670)

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) in interest payable	\$	18,658	
(Increase) in other post-employment benefits		(21,000)	
(Increase) in compensated absences		<u>(651)</u>	<u>(2,993)</u>

Change in net assets of governmental activities	\$		<u><u>(534,581)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 692,349
Prepaid expenses	43,100
Due from other governments	83,407
Total assets	\$ <u>818,856</u>
LIABILITIES	
Amounts held for social services clients	\$ 34,539
Accounts and salaries payable	125,446
Amounts held for others	658,871
Total liabilities	\$ <u>818,856</u>

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2012

Note 1—Summary of Significant Accounting Policies:

The County of Charlotte, Virginia was formed in 1764 and it is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education and social services.

The financial statements of the County of Charlotte, 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

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, effects 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 unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 original budget, 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 general purpose 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 organizations 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 Charlotte, Virginia (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

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

Discretely Presented Component Unit: The Component unit columns in the combined financial statements include the financial data of the County's component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Charlotte County School Board operates the elementary and secondary public schools in the County. School Board Members are elected by the voters. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers.

C. Other Related Organizations

Included in the County's Financial Report

None

COUNTY OF CHARLOTTE, VIRGINIA

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

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

C. Other Related Organizations: (Continued)

Excluded from the County's Financial Report

Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Charlotte County Industrial Development Authority

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Charlotte County Industrial Development Authority.

Virginia's Heartland Regional Industrial Facility Authority

The Authority was created pursuant to the provision of Title 15.2, Chapter 64 of the Code of Virginia, 1950 as amended. The Authority's purpose is to create a regional industrial park to enhance the economic base by developing, owning or operating one or more facilities on a cooperative basis. The County appoints two of the Authority's board members. The County has no further financial responsibilities to the Authority. Therefore, it is not included in the County's financial statements.

Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Halifax 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 \$200,212 for solid waste transferred to the Authority, and \$2,500 for legal costs incurred by the Authority in fiscal year 2012.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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

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.

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

1. Governmental Funds

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

a. General Fund

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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

1. Governmental Funds

b. 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. The only special revenue fund is the Library Fund.

c. Permanent Fund

The Permanent Fund accounts for and reports resources that are restricted such that only earnings may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizens). The Permanent Fund accounts for operations of the Library Trust Fund.

2. Fiduciary Funds (Trust and Agency Funds)

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

E. Budgets and Budgetary Accounting

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

E. Budgets and Budgetary Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and Library Fund of the primary government and the School Fund and School Cafeteria Fund of the School Board.
6. All budgets, except school fund and cafeteria fund, are adopted on a basis consistent with generally accepted accounting principles (GAAP). The school and cafeteria fund are adopted using the cash basis of accounting.
7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Cash Equivalents

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

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

Investments for the government, as well as for its component unit, are reported at fair value. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

At June 30, 2012 the County had restricted cash in the following amounts:

- \$548,202 of unspent bond proceeds restricted for future capital outlay
- \$100,000 held in perpetuity, earnings from which are used to fund library operations
- \$145,101 of earnings on library investments restricted for library operations

G. Receivables and Payables

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

G. 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 \$122,410 at June 30, 2012 and is comprised solely of property taxes.

Property is assessed at its value on July 1. Property taxes attach as an enforceable lien on property as of July 1. Taxes are payable June 5th and December 5th. The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, 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 the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and Computer Equipment	5
Buses	8
Police Vehicles	3

I. Compensated Absences

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

J. Long-term Obligations

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

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

K. Fund Equity

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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

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

L. Retirement Plan

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

M. Use of Estimates

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

N. Investments

Investments are stated at fair market value. Certificates of deposits, money market mutual funds and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

O. Net Assets

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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 County has no formal investment policy addressing the various risks related to investments.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2012 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

<u>Rated Debt Investments</u>	<u>County's Rated Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>	
	<u>AAA</u>	<u>Unrated</u>
Local Government Investment Pool	\$ 327,569	\$ -
State Non-Arbitrage Pool	548,202	-
U.S. Government Money Market	-	245,101
Total	<u>\$ 875,771</u>	<u>\$ 245,101</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 2—Deposits and Investments: (Continued)

External Investment Pools:

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission.

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

Note 3—Due From Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales tax	\$ 89,612	\$ 334,657
Communication tax	22,392	-
Prisoner days	41,008	-
Public assistance	51,939	-
Comprehensive services	156,828	-
Mobile home titling tax	5,314	-
Commonwealth's Attorney	12,396	-
Sheriff	94,692	-
Clerk of the Circuit Court	14,734	-
Other state funds	28,659	-
Federal Government:		
School funds	-	344,304
Public assistance	94,392	-
Other federal funds	4,883	-
Workforce Investment Board	113,992	-
Total	<u>\$ 730,841</u>	<u>\$ 678,961</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 4—Capital Assets:

The following is a summary of capital assets activity for the year ended June 30, 2012:

Primary Government:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 239,755	\$ 800	\$ -	\$ 240,555
Construction in progress	<u>-</u>	<u>384,362</u>	<u>-</u>	<u>384,362</u>
Total capital assets not being depreciated	<u>\$ 239,755</u>	<u>\$ 385,162</u>	<u>\$ -</u>	<u>\$ 624,917</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,837,469	\$ 200,000	\$ -	\$ 7,037,469
Equipment	1,716,323	78,059	25,000	1,769,382
Jointly owned assets	<u>1,099,064</u>	<u>-</u>	<u>257,074</u>	<u>841,990</u>
Total capital assets being depreciated	<u>\$ 9,652,856</u>	<u>\$ 278,059</u>	<u>\$ 282,074</u>	<u>\$ 9,648,841</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,008,691	\$ 378,531	\$ -	\$ 2,387,222
Equipment	1,154,209	133,984	25,000	1,263,193
Jointly owned assets	<u>439,627</u>	<u>21,050</u>	<u>102,830</u>	<u>357,847</u>
Total accumulated depreciation	<u>\$ 3,602,527</u>	<u>\$ 533,565</u>	<u>\$ 127,830</u>	<u>\$ 4,008,262</u>
Total capital assets being depreciated, net	<u>\$ 6,050,329</u>	<u>\$ (255,506)</u>	<u>\$ 154,244</u>	<u>\$ 5,640,579</u>
Governmental activities capital assets, net	<u><u>\$ 6,290,084</u></u>	<u><u>\$ 129,656</u></u>	<u><u>\$ 154,244</u></u>	<u><u>\$ 6,265,496</u></u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 4—Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 66,545	\$ -	\$ 800	\$ 65,745
Total capital assets not being depreciated	\$ 66,545	\$ -	\$ 800	\$ 65,745
Capital assets being depreciated:				
Buildings and improvements	\$ 7,988,434	\$ 2,330,274	\$ 200,000	\$ 10,118,708
Equipment	3,638,749	401,142	138,033	3,901,858
Jointly owned assets	3,112,007	257,074	-	3,369,081
Total capital assets being depreciated	\$ 14,739,190	\$ 2,988,490	\$ 338,033	\$ 17,389,647
Less accumulated depreciation for:				
Buildings and improvements	\$ 4,951,954	\$ 422,643	\$ 200,000	\$ 5,174,597
Equipment	2,783,743	366,252	129,494	3,020,501
Jointly owned assets	1,244,801	102,830	21,050	1,326,581
Total accumulated depreciation	\$ 8,980,498	\$ 891,725	\$ 350,544	\$ 9,521,679
Total capital assets being depreciated, net	\$ 5,758,692	\$ 2,096,765	\$ (12,511)	\$ 7,867,968
Governmental activities capital assets, net	\$ 5,825,237	\$ 2,096,765	\$ (11,711)	\$ 7,933,713

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

Governmental activities:	
General government administration	\$ 252,874
Judicial administration	29,080
Public safety	100,208
Public works	96,609
Health and welfare	25,504
Education	21,050
Parks, recreation and cultural	<u>8,240</u>
Total	<u>\$ 533,565</u>
Component Unit-School Board	<u>\$ 891,725</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 5—Compensated Absences:

In accordance with GASB statement 16 - "Accounting and Financial Reporting Principal for Claims and Judgments and Compensated Absences", the County has accrued the liability arising from outstanding claims and judgments and compensated absences.

Certain County employees (Department of Social Services employees) earn vacation and sick leave at various rates. The County had outstanding accrued vacation pay as follows:

Primary Government \$ 167,922

Note 6—Long-Term Obligations:

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

	<u>Amounts Payable at July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amounts Payable at June 30, 2012</u>	<u>Due Within One Year</u>
Primary Government:					
Capital leases	\$ 26,679	\$ -	\$ 24,547	\$ 2,132	\$ 2,132
General obligation bonds	1,099,064	1,500,000	257,074	2,341,990	343,282
Refunding lease revenue notes	379,142	-	117,876	261,266	122,691
Compensated absences	167,271	651	-	167,922	16,792
Other post-employment benefits	40,700	25,700	4,700	61,700	-
Landfill postclosure and corrective action liability	<u>1,770,796</u>	<u>-</u>	<u>48,833</u>	<u>1,721,963</u>	<u>-</u>
Total Primary Government	<u>\$ 3,483,652</u>	<u>\$ 1,526,351</u>	<u>\$ 453,030</u>	<u>\$ 4,556,973</u>	<u>\$ 484,897</u>

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

Year Ending June 30,	Primary Government					
	General Obligation Bond		Lease Revenue Notes		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 343,282	\$ 46,718	\$ 122,691	\$ 8,238	\$ 2,132	\$ 6
2014	355,388	28,612	127,702	3,227	-	-
2015	368,320	9,680	10,873	37	-	-
2016	75,000	-	-	-	-	-
2017	80,000	-	-	-	-	-
2018-2022	400,000	-	-	-	-	-
2023-2027	400,000	-	-	-	-	-
2028-2031	<u>320,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,341,990</u>	<u>\$ 85,010</u>	<u>\$ 261,266</u>	<u>\$ 11,502</u>	<u>\$ 2,132</u>	<u>\$ 6</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 6—Long-Term Obligations: (Continued)

Details of Long-Term Indebtedness (Payable from the General Fund):

Refunding Lease Revenue Notes:

\$1,077,148 issued July 21, 2004 for the refinancing of existing lease revenue notes and the renovation and construction of various properties, due in monthly installments of principal and interest of \$10,911 through July 21, 2014, interest at 4.01% \$ 261,266

Capital Lease:

\$165,769 issued August 1, 2005 for the lease/purchase of a trash truck, due in monthly installments of principal and interest of \$2,087 through August 1, 2012, interest at 3.22% \$ 2,132

General Obligations Bonds:

\$4,211,071 Virginia Public School Authority Bonds 1994B, issued November 22, 1994, maturing annually through July 15, 2014, with interest payable semi-annually at rates from 6.10% to 6.60%. \$ 841,990

\$1,500,000 Virginia Public School Authority Bonds 2011, issued December 15, 2011, maturing annually through June 1, 2031, interest-free. 1,500,000

Total General Obligation Bonds 2,341,990

Accrued Compensated Absences \$ 167,922

Other post-employment benefits \$ 61,700

Landfill postclosure and corrective action liability \$ 1,721,963

Total Primary Government \$ 4,556,973

Component Unit-School Board:

The following is a summary of long-term obligation transactions of the Component Unit-School Board:

	<u>Amounts</u> <u>Payable at</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amounts</u> <u>Payable at</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Capital Lease	\$ -	\$ 2,296,949	\$ 1,173,663	\$ 1,123,286	\$ 18,743
Other post-employment benefits	<u>244,700</u>	<u>144,200</u>	<u>97,900</u>	<u>291,000</u>	<u>-</u>
	<u>\$ 244,700</u>	<u>\$ 2,441,149</u>	<u>\$ 1,271,563</u>	<u>\$ 1,414,286</u>	<u>\$ 18,743</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 6—Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

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

	Capital Lease	
	Principal	Interest
2013	\$ 18,743	\$ 73,858
2014	66,468	41,416
2015	75,308	35,534
2016	78,018	32,824
2017	80,825	30,017
2018-2022	449,896	104,314
2023-2026	354,028	22,220
Total	\$ <u>1,123,286</u>	\$ <u>340,183</u>

Details of long-term indebtedness (payable from the Component Unit-School Board):

Capital Lease:

\$2,296,949 issued July 22, 2011 for the lease/purchase of energy efficient equipment due in monthly installments of principal and interest through November 30, 2026, open to prepayment, interest at 3.54%

\$ 1,123,286

Other post-employment benefits

\$ 291,000

Total Component Unit - School Board

\$ 1,414,286

Note 7—Commitments and Contingencies:

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

At June 30, 2012, the County had an outstanding commitment to Coleman-Adams in the amount of \$556,471 for the Randolph Henry High School auditorium.

Note 8—Litigation:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 9—Interfund Obligations:

<u>Fund</u>	<u>Due from Component Unit School Board</u>	<u>Due to Primary Government</u>
General School	\$ 1,207,180	\$ -
	<u>-</u>	<u>1,207,180</u>
Total	<u>\$ 1,207,180</u>	<u>\$ 1,207,180</u>

<u>Fund</u>	<u>Due from Special Revenue Fund - Library</u>	<u>Due to Primary Government</u>
General Library	\$ 8,888	\$ -
	<u>-</u>	<u>8,888</u>
Total	<u>\$ 8,888</u>	<u>\$ 8,888</u>

Note 10—Defined Benefit Pension Plan:

A. Plan Description

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

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10—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.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their 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's non-professional employee contribution rates for the fiscal year ended 2012 were 10.08% and 3.01% of annual covered payroll, respectively.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10—Defined Benefit Pension Plan: (Continued)

B. Funding Policy: (Continued)

The School Board’s contributions (including the employee portion assumed by the School Board) for professional employees were \$1,111,932, \$911,641, and \$942,201, to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011 and 2010, respectively. The contribution rate was 8.81% from July 2009 through March 2010, zero (0.00%) for April through June 2010, 3.93% in 2011 and 6.33% in 2012.

C. Annual Pension Cost

For fiscal year 2012, the County’s annual pension cost of \$367,626 was equal to the County’s required and actual contributions.

For fiscal year 2012, the County and School Board’s annual pension cost for the Board’s non-professional employees was \$16,985, which was equal to the Board’s required and actual contributions.

Three-Year Trend Information for the County

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2012	\$ 367,626	100%	\$ -
June 30, 2011	372,697	100%	-
June 30, 2010	299,355	100%	-

(1) Employer portion only

Three-Year Trend Information for the School Board

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
School Board Non-Professional:			
June 30, 2012	\$ 16,985	100%	\$ -
June 30, 2011	28,243	100%	-
June 30, 2010	30,231	100%	-

(1) Employer portion only

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress:

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 79.12% funded. The actuarial accrued liability for benefits was \$18,006,287 and the actuarial value of assets was \$14,247,041, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,759,246. The covered payroll (annual payroll of active employees covered by the plan) was \$3,774,530, and ratio of the UAAL to the covered payroll was 99.60%.

As of June 30, 2011, the most recent actuarial valuation date, the County School Board's plan was 95.88% funded. The actuarial accrued liability for benefits was \$3,232,212, and the actuarial value of assets was \$3,099,200, resulting in an unfunded actuarial accrued liability (UAAL) of \$133,012. The covered payroll (annual payroll of active employees covered by the plan) was \$593,698, and ratio of the UAAL to the covered payroll was 22.40%.

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 (AAL) for benefits.

Note 11—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$547,555 is comprised of the following:

- A. Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$464,106 at June 30, 2012.
- B. Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012, but paid in advance by the taxpayers totaled \$83,449 at June 30, 2012.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 12—Surety Bonds:

Fidelity and Deposit Company of Maryland -Surety	
Stuart B. Fallen, Clerk of Circuit Court	\$ 100,000
Patricia Berkeley, Treasurer	400,000
Naisha N. Pridgen, Commissioner of the Revenue	3,000
Thomas D. Jones, Sheriff	30,000
The above constitutional officer's employees- blanket bond	50,000
Nationwide Insurance Agency- Surety	
Melody Hackney, Superintendent of Schools	10,000
Dana Ramsey, Clerk of the School Board	10,000
All social services employees - employee dishonesty coverage- blanket bond	100,000
Gary D. Walker, Supervisor	1,000
Haywood J. Hamlet, Supervisor	1,000
Garland H. Hamlett, Jr., Supervisor	1,000
Robert L. Shook, Jr., Supervisor	1,000
Joseph E. Carey, Sr., Supervisor	1,000
Nancy R. Carwile, Vice-Chairman	1,000
David M. Guill, Chairman	1,000
Russell B. Clark, County Administrator	1,000

Note 13—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. 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 County continues to carry commercial insurance for all other risks of loss. Settled claims from these risks have not exceeded commercial coverage in any of the past three fiscal years.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 14—Jail Funds:

The following is a summary of activity from the special accounts at the Charlotte County Sheriff's Office for the year ended June 30, 2012:

	<u>Receipts</u>	<u>Disbursements</u>	<u>Excess of Receipts over (under) Disbursements</u>
Inmate Canteen Account	\$ 24,620	\$ 23,750	\$ 870
Commissary (Operating) Account	5,365	5,216	149
Inmate Accounts	330,564	329,454	1,110
Jail Telephone Commissions	13,991	19,964	(5,973)
Petty Cash	13,461	13,311	150
Totals	<u>\$ 388,001</u>	<u>\$ 391,695</u>	<u>\$ (3,694)</u>

Note 15—Solid Waste Landfill Postclosure Care and Corrective Action Costs:

The County has closed a previously operated solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The total \$1,721,963 reported as landfill postclosure care and corrective action liability at June 30, 2012, represents \$1,337,089 for postclosure care liability and \$384,874 for ground water corrective action and remediation.

The County has demonstrated financial assurance requirements for 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 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

Note 16—Other Post-Employment Benefits Program:

County:

A. Plan Description:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16—Other Post-Employment Benefits Program:

County: (Continued)

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$	25,700
Interest on net OPEB obligation		1,600
Adjustment to annual required contribution		(1,600)
Annual OPEB cost (expense)	\$	<u>25,700</u>
Estimated contributions made		(4,700)
Increase in net OPEB obligation	\$	<u>21,000</u>
Net OPEB obligation - beginning of year		40,700
Net OPEB obligation - end of year	\$	<u><u>61,700</u></u>

For 2012, the County's expected cash payment of \$4,700 was \$21,000 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding two years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 22,200	50%	\$ 21,800
June 30, 2011	24,600	23%	40,700
June 30, 2012	25,700	18%	61,700

COUNTY OF CHARLOTTE, VIRGINIA

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

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

County: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 is as follows:

Actuarial accrued liability (AAL)	\$	312,200
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		312,200
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		3,782,000
UAAL as a percentage of covered payroll		8.25%

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

Actuarial Methods and Assumptions

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

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5.50 percent after 5 years. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010 was 30 years.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

County: (Continued)

D. Funded Status and Funding Progress: (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 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>
Discount rate	4.00%
Health cost trend assumption	10.00%
Payroll growth	3.00%

School Board:

A. Plan Description

In addition to the pension benefits described in Note 10, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 55 with 5 years of service, age 50 with 10 years of service, or with 30 years of service are eligible to remain on the School Board's health insurance plan. The retiree is responsible for 100% premium. Coverage ceases at age 65, or when the retiree becomes eligible for Medicare. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

School Board: (Continued)

B. Funding Policy

Eligible retirees from the School Board may elect to remain on the School Board’s health insurance plan, at their expense, until they reach age 65 or become eligible for Medicare. Retirees’ spouses may also remain on the plan at the retiree’s expense.

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$ 143,900
Interest on net OPEB obligation	9,800
Adjustment to annual required contribution	<u>(9,500)</u>
Annual OPEB cost (expense)	\$ 144,200
Estimated contributions made	<u>(97,900)</u>
Increase in net OPEB obligation	\$ 46,300
Net OPEB obligation - beginning of year	<u>244,700</u>
Net OPEB obligation - end of year	<u><u>\$ 291,000</u></u>

For 2012, the School Board’s expected cash payment of \$97,900 was \$46,300 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 2012 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 137,800	30%	\$ 187,200
June 30, 2011	139,600	58%	244,700
June 30, 2012	144,200	67%	291,000

COUNTY OF CHARLOTTE, VIRGINIA

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

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

School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 is as follows:

Actuarial accrued liability (AAL)	\$	1,714,500
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		1,714,500
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		11,337,900
UAAL as a percentage of covered payroll		15.12%

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

Actuarial Methods and Assumptions

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

In July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 5 years. Both rates included 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010 was 30 years.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

School Board: (Continued)

D. Funded Status and Funding Progress: (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>
Discount rate	4.00%
Health cost trend assumption	10.00%
Payroll growth	3.00%

Note 17—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 179,715
Library Fund	179,715	-
Total	\$ 179,715	\$ 179,715

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 6,223,880	\$ 6,223,880	\$ 6,454,689	\$ 230,809
Other local taxes	1,005,600	1,005,600	1,053,969	48,369
Permits, privilege fees, and regulatory licenses	48,550	48,550	57,974	9,424
Fines and forfeitures	165,000	165,000	163,470	(1,530)
Revenue from the use of money and property	234,322	234,322	209,643	(24,679)
Charges for services	468,483	468,483	396,810	(71,673)
Miscellaneous	581,356	590,719	740,012	149,293
Intergovernmental revenues:				
Commonwealth	5,540,130	6,626,295	4,610,173	(2,016,122)
Federal	1,719,610	2,994,164	3,312,070	317,906
Total revenues	<u>\$ 15,986,931</u>	<u>\$ 18,357,013</u>	<u>\$ 16,998,810</u>	<u>\$ (1,358,203)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,339,245	\$ 1,413,774	\$ 1,311,671	\$ 102,103
Judicial administration	557,158	570,035	530,529	39,506
Public safety	3,550,534	3,745,509	3,560,627	184,882
Public works	1,191,544	1,218,895	1,176,084	42,811
Health and welfare	5,398,642	6,603,800	5,167,086	1,436,714
Education	3,418,058	3,485,308	4,019,995	(534,687)
Parks, recreation, and cultural	72,460	72,460	67,060	5,400
Community development	242,215	1,223,639	920,971	302,668
Nondepartmental	103,903	103,903	100,707	3,196
Capital projects	-	1,500,000	376,362	1,123,638
Debt service:				
Principal retirement	130,930	130,930	399,497	(268,567)
Interest and other fiscal charges	-	-	110,718	(110,718)
Total expenditures	<u>\$ 16,004,689</u>	<u>\$ 20,068,253</u>	<u>\$ 17,741,307</u>	<u>\$ 2,326,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (17,758)</u>	<u>\$ (1,711,240)</u>	<u>\$ (742,497)</u>	<u>\$ 968,743</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	\$ (183,000)	\$ (183,000)	\$ (179,715)	\$ 3,285
Issuance of general obligation bond	-	1,500,000	1,500,000	-
Total other financing sources and (uses)	<u>\$ (183,000)</u>	<u>\$ 1,317,000</u>	<u>\$ 1,320,285</u>	<u>\$ 3,285</u>
Net change in fund balances	\$ (200,758)	\$ (394,240)	\$ 577,788	\$ 972,028
Fund balances - beginning	200,758	394,240	8,509,929	8,115,689
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,087,717</u>	<u>\$ 9,087,717</u>

Required Supplementary Information
 Schedule of Pension Funding Progress
 Last Three Fiscal Years

Primary Government:
 County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((a-b)/c)
06/30/09	\$ 13,574,541	\$ 15,363,572	\$ 1,789,031	88.36%	\$ 3,818,614	46.85%
06/30/10	13,739,657	17,167,628	3,427,971	80.03%	3,709,131	92.42%
06/30/11	14,247,041	18,006,287	3,759,246	79.12%	3,774,530	99.60%

Discretely Presented Component Unit:
 School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((a-b)/c)
06/30/09	\$ 3,132,512	\$ 3,044,360	\$ (88,152)	102.90%	\$ 657,801	(13.40%)
06/30/10	3,095,418	3,132,145	36,727	98.83%	610,812	6.01%
06/30/11	3,099,200	3,232,212	133,012	95.88%	593,698	22.40%

Required Supplementary Information
 Schedule of Other Post-Employment Benefits Funding Progress
 Last Three Fiscal Years

Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((a-b)/c)
(R) 07/01/09	\$ -	\$ 255,200	\$ 255,200	0.00%	\$ 3,950,000	6.46%
07/01/10	-	293,000	293,000	0.00%	3,672,000	7.98%
(R) 07/01/11	-	312,200	312,200	0.00%	3,782,000	8.25%

Discretely Presented Component Unit:

School Board

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((a-b)/c)
(R) 07/01/09	\$ -	\$ 1,543,800	\$ 1,543,800	0.00%	\$ 13,093,000	11.79%
07/01/10	-	1,655,700	1,655,700	0.00%	11,007,700	15.04%
(R) 07/01/11	-	1,714,500	1,714,500	0.00%	11,337,900	15.12%

(R) - Roll forward of prior year's results

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 55	\$ -	\$ 55
Due from other funds	8,888	-	8,888
Restricted assets:			
Temporarily restricted:			
Investments	-	145,101	145,101
Permanently restricted:			
Investments	-	100,000	100,000
Total assets	<u>\$ 8,943</u>	<u>\$ 245,101</u>	<u>\$ 254,044</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 8,888</u>	<u>\$ -</u>	<u>\$ 8,888</u>
Total liabilities	<u>\$ 8,888</u>	<u>\$ -</u>	<u>\$ 8,888</u>
Fund balances:			
Nonspendable:			
Permanent fund corpus	\$ -	\$ 100,000	\$ 100,000
Restricted for:			
Library operations	-	145,101	145,101
Assigned to:			
Library operations	55	-	55
Total fund balances	<u>\$ 55</u>	<u>\$ 245,101</u>	<u>\$ 245,156</u>
Total liabilities and fund balances	<u>\$ 8,943</u>	<u>\$ 245,101</u>	<u>\$ 254,044</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2012

	Special Revenue Fund	Permanent Fund	Total Nonmajor Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ (6,212)	\$ (6,212)
Charges for services	4,775	-	4,775
Miscellaneous	-	95	95
Intergovernmental revenues:			
Commonwealth	42,351	-	42,351
Total revenues	<u>\$ 47,126</u>	<u>\$ (6,117)</u>	<u>\$ 41,009</u>
EXPENDITURES			
Current:			
Parks, recreation, and cultural	\$ 226,841	\$ 15,473	\$ 242,314
Total expenditures	<u>\$ 226,841</u>	<u>\$ 15,473</u>	<u>\$ 242,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (179,715)</u>	<u>\$ (21,590)</u>	<u>\$ (201,305)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 179,715	\$ -	\$ 179,715
Total other financing sources (uses)	<u>\$ 179,715</u>	<u>\$ -</u>	<u>\$ 179,715</u>
Net change in fund balances	\$ -	\$ (21,590)	\$ (21,590)
Fund balances - beginning	55	266,691	266,746
Fund balances - ending	<u><u>\$ 55</u></u>	<u><u>\$ 245,101</u></u>	<u><u>\$ 245,156</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2012

	Library Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 3,792	\$ 4,837	\$ 4,775	\$ (62)
Intergovernmental revenues:				
Commonwealth	42,351	42,351	42,351	-
Total revenues	\$ 46,143	\$ 47,188	\$ 47,126	\$ (62)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 229,143	\$ 230,188	\$ 226,841	\$ 3,347
Total expenditures	\$ 229,143	\$ 230,188	\$ 226,841	\$ 3,347
Excess (deficiency) of revenues over (under) expenditures	\$ (183,000)	\$ (183,000)	\$ (179,715)	\$ 3,285
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 183,000	\$ 183,000	\$ 179,715	\$ (3,285)
Total other financing sources (uses)	\$ 183,000	\$ 183,000	\$ 179,715	\$ (3,285)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	55	55
Fund balances - ending	\$ -	\$ -	\$ 55	\$ 55

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2012

	Agency Funds					
	Special Welfare	No Child Left Behind	Virtual Virginia	Sheriff	Governor's School of Southside Virginia	Total
ASSETS						
Cash and cash equivalents	\$ 34,539	\$ 88,462	\$ 230,388	\$ 26,463	\$ 312,497	\$ 692,349
Due from other governments	-	8,970	74,437	-	-	83,407
Prepaid expenses	-	43,100	-	-	-	43,100
Total assets	<u>\$ 34,539</u>	<u>\$ 140,532</u>	<u>\$ 304,825</u>	<u>\$ 26,463</u>	<u>\$ 312,497</u>	<u>\$ 818,856</u>
LIABILITIES						
Amounts held for social services clients	\$ 34,539	\$ -	\$ -	\$ -	\$ -	\$ 34,539
Accounts and salaries payable	-	3,738	121,708	-	-	125,446
Amounts held for others	-	136,794	183,117	26,463	312,497	658,871
Total liabilities	<u>\$ 34,539</u>	<u>\$ 140,532</u>	<u>\$ 304,825</u>	<u>\$ 26,463</u>	<u>\$ 312,497</u>	<u>\$ 818,856</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 38,451	\$ 11,389	\$ 15,301	\$ 34,539
Liabilities:				
Amounts held for social services clients	\$ 38,451	\$ 11,389	\$ 15,301	\$ 34,539
No Child Left Behind Fund:				
Assets:				
Cash and cash equivalents	\$ 116,725	\$ 484,005	\$ 512,268	\$ 88,462
Due from other governments	-	8,970	-	8,970
Prepaid expenses	-	43,100	-	43,100
Total assets	\$ 116,725	\$ 536,075	\$ 512,268	\$ 140,532
Liabilities:				
Salaries payable	\$ 8,558	\$ 3,738	\$ 8,558	\$ 3,738
Amounts held for others	108,167	532,337	503,710	136,794
Total liabilities	\$ 116,725	\$ 536,075	\$ 512,268	\$ 140,532
Virtual Virginia Fund:				
Assets:				
Cash and cash equivalents	\$ 318,801	\$ 1,752,300	\$ 1,840,713	\$ 230,388
Due from other governments	-	74,437	-	74,437
Total assets	\$ 318,801	\$ 1,826,737	\$ 1,840,713	\$ 304,825
Liabilities:				
Accounts payable	\$ 113,608	\$ 121,708	\$ 113,608	\$ 121,708
Amounts held for others	205,193	1,705,029	1,727,105	183,117
Total liabilities	\$ 318,801	\$ 1,826,737	\$ 1,840,713	\$ 304,825
Sheriff Funds:				
Assets:				
Cash and cash equivalents	\$ 30,157	\$ 388,001	\$ 391,695	\$ 26,463
Liabilities:				
Amounts held for others	\$ 30,157	\$ 388,001	\$ 391,695	\$ 26,463
Governor's School of Southside Virginia Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 312,497	\$ -	\$ 312,497
Liabilities:				
Amounts held for others	\$ -	\$ 312,497	\$ -	\$ 312,497
Totals -- All agency funds:				
Assets:				
Cash and cash equivalents	\$ 504,134	\$ 2,948,192	\$ 2,759,977	\$ 692,349
Due from other governments	-	83,407	-	83,407
Prepaid expenses	-	43,100	-	43,100
Total assets	504,134	3,074,699	2,759,977	818,856
Liabilities:				
Amounts held for social services clients	\$ 38,451	\$ 11,389	\$ 15,301	\$ 34,539
Accounts and salaries payable	122,166	125,446	122,166	125,446
Amounts held for others	343,517	2,937,864	2,622,510	658,871
Total liabilities	\$ 504,134	\$ 3,074,699	\$ 2,759,977	\$ 818,856

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 811,751	\$ 209,391	\$ 1,021,142
Investments	327,569	-	327,569
Receivables (net of allowance for uncollectibles):			
Accounts receivable	173,579	5,084	178,663
School food inventory	-	11,930	11,930
Due from other governmental units	678,961	-	678,961
Prepaid expenses	741,327	-	741,327
Total assets	<u>\$ 2,733,187</u>	<u>\$ 226,405</u>	<u>\$ 2,959,592</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 386,987	\$ 75,561	\$ 462,548
Accrued liabilities	811,451	29,150	840,601
Due to primary government	1,207,180	-	1,207,180
Total liabilities	<u>\$ 2,405,618</u>	<u>\$ 104,711</u>	<u>\$ 2,510,329</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 11,930	\$ 11,930
Prepaid expenses	741,327	-	741,327
Assigned to:			
Cafeteria operations	-	109,764	109,764
Unassigned	(413,758)	-	(413,758)
Total fund balances	<u>\$ 327,569</u>	<u>\$ 121,694</u>	<u>\$ 449,263</u>
Total liabilities and fund balances	<u>\$ 2,733,187</u>	<u>\$ 226,405</u>	<u>\$ 2,959,592</u>

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

Total fund balances per above \$ 449,263

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,933,713

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (1,414,838)

Net assets of governmental activities \$ 6,968,138

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 2,314	\$ 270	\$ 2,584
Charges for services	-	424,222	424,222
Miscellaneous	655,226	-	655,226
Intergovernmental revenues:			
Local government	4,016,520	-	4,016,520
Commonwealth	12,840,845	13,799	12,854,644
Federal	2,303,874	819,476	3,123,350
Total revenues	<u>\$ 19,818,779</u>	<u>\$ 1,257,767</u>	<u>\$ 21,076,546</u>
EXPENDITURES			
Current:			
Education	\$ 18,577,117	\$ 1,217,660	\$ 19,794,777
Capital projects	2,296,949	-	2,296,949
Debt service:			
Principal retirement	1,173,663	-	1,173,663
Interest and other fiscal charges	67,432	-	67,432
Total expenditures	<u>\$ 22,115,161</u>	<u>\$ 1,217,660</u>	<u>\$ 23,332,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,296,382)</u>	<u>\$ 40,107</u>	<u>\$ (2,256,275)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of capital leases	<u>\$ 2,296,949</u>	<u>\$ -</u>	<u>\$ 2,296,949</u>
Net change in fund balances	\$ 567	\$ 40,107	\$ 40,674
Fund balances - beginning	327,002	81,587	408,589
Fund balances - ending	<u><u>\$ 327,569</u></u>	<u><u>\$ 121,694</u></u>	<u><u>\$ 449,263</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	\$ 40,674
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,731,416	
Depreciation expense	(788,895)	
Loss on disposal of asset	(8,539)	
Transfer of asset to primary government	(800)	
Joint assets - net	<u>175,294</u>	2,108,476

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

Issuance of capital leases	\$ (2,296,949)	
Principal payments	<u>1,173,663</u>	(1,123,286)

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) in other post-employment benefits liability	\$ (46,300)	
(Increase) in accrued interest payable	<u>(552)</u>	<u>(46,852)</u>
Change in net assets of governmental activities	<u>\$ 979,012</u>	

COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2012

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,314	\$ 2,314
Charges for services	-	-	-	-
Miscellaneous	97,205	97,205	655,226	558,021
Intergovernmental revenues:				
Local government	3,414,583	3,481,833	4,016,520	534,687
Commonwealth	12,767,419	12,767,419	12,840,845	73,426
Federal	2,919,430	2,919,430	2,303,874	(615,556)
Total revenues	<u>\$ 19,198,637</u>	<u>\$ 19,265,887</u>	<u>\$ 19,818,779</u>	<u>\$ 552,892</u>
EXPENDITURES				
Current:				
Education	\$ 19,048,637	\$ 18,925,165	\$ 18,577,117	\$ 348,048
Capital projects	-	-	2,296,949	(2,296,949)
Debt service:				
Principal retirement	293,215	512,109	1,173,663	(661,554)
Interest and other fiscal charges	27,785	129,009	67,432	61,577
Total expenditures	<u>\$ 19,369,637</u>	<u>\$ 19,566,283</u>	<u>\$ 22,115,161</u>	<u>\$ (2,548,878)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (171,000)</u>	<u>\$ (300,396)</u>	<u>\$ (2,296,382)</u>	<u>\$ (1,995,986)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,296,949</u>	<u>\$ 2,296,949</u>
Net change in fund balances	\$ (171,000)	\$ (300,396)	\$ 567	\$ 300,963
Fund balances - beginning	171,000	300,396	327,002	26,606
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,569</u>	<u>\$ 327,569</u>

Exhibit 18

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 270	\$ 270
442,357	442,357	424,222	(18,135)
-	-	-	-
-	-	-	-
2,900	2,900	13,799	10,899
504,743	504,743	819,476	314,733
<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 1,257,767</u>	<u>\$ 307,767</u>
\$ 1,100,000	\$ 1,000,000	\$ 1,217,660	\$ (217,660)
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 1,100,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,217,660</u>	<u>\$ (217,660)</u>
\$ (150,000)	\$ (50,000)	\$ 40,107	\$ 90,107
\$ -	\$ -	\$ -	\$ -
\$ (150,000)	\$ (50,000)	\$ 40,107	\$ 90,107
150,000	50,000	81,587	31,587
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,694</u>	<u>\$ 121,694</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, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,919,000	\$ 3,919,000	\$ 4,054,813	\$ 135,813
Real and personal public service corporation taxes	229,000	229,000	267,973	38,973
Personal property taxes	1,768,000	1,768,000	1,778,211	10,211
Mobile home taxes	25,000	25,000	28,316	3,316
Machinery and tools taxes	170,880	170,880	157,379	(13,501)
Merchant's capital taxes	25,000	25,000	25,276	276
Penalties	57,000	57,000	85,587	28,587
Interest	30,000	30,000	57,134	27,134
Total general property taxes	<u>\$ 6,223,880</u>	<u>\$ 6,223,880</u>	<u>\$ 6,454,689</u>	<u>\$ 230,809</u>
Other local taxes:				
Local sales and use taxes	\$ 475,000	\$ 475,000	\$ 487,014	\$ 12,014
Consumers' utility taxes	190,000	190,000	218,078	28,078
Motor vehicle licenses	270,000	270,000	283,371	13,371
Taxes on recordation and wills	45,600	45,600	37,240	(8,360)
Utility consumption taxes	25,000	25,000	28,266	3,266
Total other local taxes	<u>\$ 1,005,600</u>	<u>\$ 1,005,600</u>	<u>\$ 1,053,969</u>	<u>\$ 48,369</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 8,525	\$ 525
Transfer fees	450	450	462	12
Permits and other licenses	40,100	40,100	48,987	8,887
Total permits, privilege fees, and regulatory licenses	<u>\$ 48,550</u>	<u>\$ 48,550</u>	<u>\$ 57,974</u>	<u>\$ 9,424</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 165,000	\$ 165,000	\$ 163,470	\$ (1,530)
Revenue from use of money and property:				
Revenue from use of money	\$ 56,600	\$ 56,600	\$ 27,133	\$ (29,467)
Revenue from use of property	177,722	177,722	182,510	4,788
Total revenue from use of money and property	<u>\$ 234,322</u>	<u>\$ 234,322</u>	<u>\$ 209,643</u>	<u>\$ (24,679)</u>
Charges for services:				
Charges for work release/inmate fees	\$ 96,233	\$ 96,233	\$ 106,901	\$ 10,668
Charges for law enforcement and traffic control	3,500	3,500	2,793	(707)
Jail bed days - other localities	300,000	300,000	191,420	(108,580)
Law library fees	1,500	1,500	1,082	(418)
Courthouse security fees	45,000	45,000	36,675	(8,325)
Courthouse maintenance fees	11,000	11,000	8,300	(2,700)
Charges for Commonwealth's Attorney	250	250	490	240
Charges for sanitation and waste removal	11,000	11,000	49,149	38,149
Total charges for services	<u>\$ 468,483</u>	<u>\$ 468,483</u>	<u>\$ 396,810</u>	<u>\$ (71,673)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 581,356	\$ 590,719	\$ 740,012	\$ 149,293
Total revenue from local sources	<u>\$ 8,727,191</u>	<u>\$ 8,736,554</u>	<u>\$ 9,076,567</u>	<u>\$ 340,013</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carrier tax	\$ 73,000	\$ 73,000	\$ 70,408	\$ (2,592)
Mobile home titling tax	26,000	26,000	21,045	(4,955)
Tax on deeds (grantor tax)	29,000	29,000	23,079	(5,921)
Auto rental tax	-	-	442	442
Aid to Commonwealth	-	-	(128,121)	(128,121)
Communication sales and use tax	146,000	146,000	131,113	(14,887)
Personal property tax relief funds	686,900	686,900	686,910	10
Total noncategorical aid	<u>\$ 960,900</u>	<u>\$ 960,900</u>	<u>\$ 804,876</u>	<u>\$ (156,024)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 140,161	\$ 140,161	\$ 145,997	\$ 5,836
Sheriff	1,094,598	1,094,598	1,040,740	(53,858)
Commissioner of revenue	68,634	68,634	69,869	1,235
Treasurer	74,843	74,843	73,578	(1,265)
Registrar/electoral board	47,168	47,168	41,471	(5,697)
DMV license agent	28,000	28,000	32,715	4,715
Clerk of the Circuit Court	176,369	176,369	174,121	(2,248)
Total shared expenses	<u>\$ 1,629,773</u>	<u>\$ 1,629,773</u>	<u>\$ 1,578,491</u>	<u>\$ (51,282)</u>
Other categorical aid:				
Litter control	\$ 9,300	\$ 9,300	\$ 9,000	\$ (300)
Fire programs funds	28,933	28,933	27,948	(985)
Prisoner days	248,000	248,000	212,360	(35,640)
VJCCCA grant	85,787	85,787	56,077	(29,710)
WIB fiscal agent fees	20,000	20,000	20,000	-
Victim witness	6,775	6,775	10,965	4,190
Courthouse study	-	15,000	15,000	-
E911 wireless	31,000	181,000	189,489	8,489
Public assistance and welfare administration	1,707,162	1,707,162	498,632	(1,208,530)
Comprehensive services act funds	812,500	812,500	524,903	(287,597)
Emergency services	-	1,165	12,432	11,267
Tobacco indemnification grants	-	670,000	400,000	(270,000)
Other categorical aid	-	250,000	250,000	-
Total other categorical aid	<u>\$ 2,949,457</u>	<u>\$ 4,035,622</u>	<u>\$ 2,226,806</u>	<u>\$ (1,808,816)</u>
Total categorical aid	<u>\$ 4,579,230</u>	<u>\$ 5,665,395</u>	<u>\$ 3,805,297</u>	<u>\$ (1,860,098)</u>
Total revenue from the Commonwealth	<u>\$ 5,540,130</u>	<u>\$ 6,626,295</u>	<u>\$ 4,610,173</u>	<u>\$ (2,016,122)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
BAB subsidy	\$ -	\$ 29,396	\$ 29,396	\$ -
Payments in lieu of taxes	3,000	3,000	8,516	5,516
Total noncategorical aid	<u>\$ 3,000</u>	<u>\$ 32,396</u>	<u>\$ 37,912</u>	<u>\$ 5,516</u>
Categorical aid:				
Emergency services	\$ 5,600	\$ 5,600	-	\$ (5,600)
ARRA Justice assistance	-	-	15,447	15,447
Victim witness	20,323	20,323	20,729	406
CDBG Keysville revitalization grant	-	40,000	-	(40,000)
USDA grant	-	-	100,500	100,500
Welfare administration and assistance	-	-	1,086,472	1,086,472
Workforce investment act	1,680,087	2,885,245	2,027,384	(857,861)
Ground transportation grant	10,600	10,600	23,626	13,026
Total categorical aid	<u>\$ 1,716,610</u>	<u>\$ 2,961,768</u>	<u>\$ 3,274,158</u>	<u>\$ 312,390</u>
Total revenue from the federal government	<u>\$ 1,719,610</u>	<u>\$ 2,994,164</u>	<u>\$ 3,312,070</u>	<u>\$ 317,906</u>
Total General Fund	<u>\$ 15,986,931</u>	<u>\$ 18,357,013</u>	<u>\$ 16,998,810</u>	<u>\$ (1,358,203)</u>
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 3,792	\$ 4,837	\$ 4,775	\$ (62)
Revenue from the Commonwealth:				
Categorical aid:				
State library funds	\$ 42,351	\$ 42,351	\$ 42,351	\$ -
Total Library Fund	<u>\$ 46,143</u>	<u>\$ 47,188</u>	<u>\$ 47,126</u>	<u>\$ (62)</u>
Permanent Fund:				
Library Trust Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ (6,212)	\$ (6,212)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 95	\$ 95
Total Library Trust Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,117)</u>	<u>\$ (6,117)</u>
Total Non-major funds	<u>\$ 46,143</u>	<u>\$ 47,188</u>	<u>\$ 41,009</u>	<u>\$ (6,179)</u>
Total Primary Government	<u>\$ 16,033,074</u>	<u>\$ 18,404,201</u>	<u>\$ 17,039,819</u>	<u>\$ (1,364,382)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,314	\$ 2,314
Total revenue from use of money and property	\$ -	\$ -	\$ 2,314	\$ 2,314
Miscellaneous revenue:				
Other miscellaneous	\$ 97,205	\$ 97,205	\$ 655,226	\$ 558,021
Total revenue from local sources	\$ 97,205	\$ 97,205	\$ 657,540	\$ 560,335
Revenues from local governments:				
Contribution from County of Charlotte, Virginia	\$ 3,414,583	\$ 3,481,833	\$ 4,016,520	\$ 534,687
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,780,775	\$ 1,780,775	\$ 1,823,387	\$ 42,612
Basic school aid	6,879,439	6,879,439	6,945,769	66,330
Remedial education	194,076	194,076	195,767	1,691
Regular foster care	13,959	13,959	4,302	(9,657)
GED	7,859	7,859	82,859	75,000
Gifted and talented	68,230	68,230	68,824	594
Remedial summer education	51,922	51,922	60,046	8,124
Special education	1,040,125	1,040,125	1,049,188	9,063
Textbook payment	61,498	61,498	62,034	536
Vocational education	193,976	193,976	198,364	4,388
Fringe Benefits	820,274	820,274	827,421	7,147
Homebound	33,856	33,856	32,583	(1,273)
Class size reduction	237,813	237,813	243,772	5,959
English as a second language	12,314	12,314	8,492	(3,822)
Governor's school	463,654	463,654	491,332	27,678
Algebra readiness	28,818	28,818	28,702	(116)
Adult literacy	2,754	2,754	-	(2,754)
Technology	232,000	232,000	232,000	-
At risk	393,928	393,928	396,036	2,108
Early reading	30,462	30,462	39,835	9,373
Other state funds	219,687	219,687	50,132	(169,555)
Total categorical aid	\$ 12,767,419	\$ 12,767,419	\$ 12,840,845	\$ 73,426
Total revenue from the Commonwealth	\$ 12,767,419	\$ 12,767,419	\$ 12,840,845	\$ 73,426

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,442,762	\$ 1,442,762	\$ 744,203	\$ (698,559)
Title VI-B, special education flow-through	452,000	452,000	453,838	1,838
Vocational education	47,000	47,000	92,819	45,819
Title VI-B, special education pre-school	36,338	36,338	15,619	(20,719)
EESA - Title II	132,076	132,076	109,314	(22,762)
Title III	5,000	5,000	-	(5,000)
Title VI	52,006	52,006	-	(52,006)
Education technology	11,024	11,024	-	(11,024)
Rural schools	-	-	12,791	12,791
Gear up grant	20,846	20,846	25,810	4,964
Title IV Part B	74,593	74,593	164,098	89,505
Summer food service	24,400	24,400	33,434	9,034
ARRA State Fiscal Stabilization	-	-	52,512	52,512
ARRA Education jobs funds	-	-	500,122	500,122
ARRA Title I	-	-	78,350	78,350
Learn and serve America	25,000	25,000	20,964	(4,036)
Other federal funds	596,385	596,385	-	(596,385)
Total categorical aid	<u>\$ 2,919,430</u>	<u>\$ 2,919,430</u>	<u>\$ 2,303,874</u>	<u>\$ (615,556)</u>
 Total School Operating Fund	 <u>\$ 19,198,637</u>	 <u>\$ 19,265,887</u>	 <u>\$ 19,818,779</u>	 <u>\$ 552,892</u>
 Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 270	\$ 270
Charges for services:				
Cafeteria sales	\$ 442,357	\$ 442,357	\$ 424,222	\$ (18,135)
Total revenue from local sources	<u>\$ 442,357</u>	<u>\$ 442,357</u>	<u>\$ 424,492</u>	<u>\$ (17,865)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 2,900	\$ 2,900	\$ 13,799	\$ 10,899
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 504,743	\$ 504,743	\$ 819,476	\$ 314,733
Total School Cafeteria Fund	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 1,257,767</u>	<u>\$ 307,767</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,148,637</u>	<u>\$ 20,215,887</u>	<u>\$ 21,076,546</u>	<u>\$ 860,659</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 115,561	\$ 177,420	\$ 170,334	\$ 7,086
General and financial administration:				
County administrator	\$ 371,275	\$ 380,950	\$ 378,614	\$ 2,336
Independent auditor	44,000	46,995	46,995	-
Commissioner of revenue	195,963	195,963	181,803	14,160
Reassessment	203,848	203,848	152,083	51,765
Treasurer	245,619	245,619	235,535	10,084
County attorney	25,270	25,270	16,875	8,395
Total general and financial administration	<u>\$ 1,085,975</u>	<u>\$ 1,098,645</u>	<u>\$ 1,011,905</u>	<u>\$ 86,740</u>
Board of elections:				
Electoral board and officials	\$ 38,444	\$ 38,444	\$ 33,160	\$ 5,284
Registrar	99,265	99,265	96,272	2,993
Total board of elections	<u>\$ 137,709</u>	<u>\$ 137,709</u>	<u>\$ 129,432</u>	<u>\$ 8,277</u>
Total general government administration	<u>\$ 1,339,245</u>	<u>\$ 1,413,774</u>	<u>\$ 1,311,671</u>	<u>\$ 102,103</u>
Judicial administration:				
Courts:				
Circuit court	\$ 23,231	\$ 23,231	\$ 10,473	\$ 12,758
General district court	7,800	7,800	7,588	212
Juvenile and domestic relations court	4,272	4,272	3,090	1,182
Special magistrates	1,118	1,492	1,492	-
Clerk of the circuit court	315,059	327,562	302,547	25,015
Total courts	<u>\$ 351,480</u>	<u>\$ 364,357</u>	<u>\$ 325,190</u>	<u>\$ 39,167</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 205,678	\$ 205,678	\$ 205,339	\$ 339
Total judicial administration	<u>\$ 557,158</u>	<u>\$ 570,035</u>	<u>\$ 530,529</u>	<u>\$ 39,506</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,426,997	\$ 1,455,886	\$ 1,477,524	\$ (21,638)
Witness assistance	27,097	27,678	27,678	-
Dare	-	3,864	3,960	(96)
Project Lifesaver	-	2,944	-	2,944
Asset forfeiture	-	6,097	-	6,097
E-911 system	207,798	357,798	338,086	19,712
Total law enforcement and traffic control	<u>\$ 1,661,892</u>	<u>\$ 1,854,267</u>	<u>\$ 1,847,248</u>	<u>\$ 7,019</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire services	\$ 260,013	\$ 260,013	\$ 259,806	\$ 207
Rescue squad	84,176	85,841	85,841	-
Division of forestry	19,470	19,521	19,520	1
Total fire and rescue services	<u>\$ 363,659</u>	<u>\$ 365,375</u>	<u>\$ 365,167</u>	<u>\$ 208</u>
Correction and detention:				
Sheriff	\$ 1,203,638	\$ 1,203,638	\$ 1,186,603	\$ 17,035
VJCCA	220,730	220,730	66,170	154,560
Total correction and detention	<u>\$ 1,424,368</u>	<u>\$ 1,424,368</u>	<u>\$ 1,252,773</u>	<u>\$ 171,595</u>
Inspections:				
Building	<u>\$ 54,904</u>	<u>\$ 55,788</u>	<u>\$ 52,499</u>	<u>\$ 3,289</u>
Other protection:				
Animal control	\$ 45,211	\$ 45,211	\$ 42,860	\$ 2,351
Medical examiner	500	500	80	420
Total other protection	<u>\$ 45,711</u>	<u>\$ 45,711</u>	<u>\$ 42,940</u>	<u>\$ 2,771</u>
Total public safety	<u>\$ 3,550,534</u>	<u>\$ 3,745,509</u>	<u>\$ 3,560,627</u>	<u>\$ 184,882</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	<u>\$ 762,410</u>	<u>\$ 789,761</u>	<u>\$ 764,716</u>	<u>\$ 25,045</u>
Maintenance of general buildings and grounds:				
General properties	\$ 428,134	\$ 428,134	\$ 410,368	\$ 17,766
Canneries	1,000	1,000	1,000	-
Total maintenance of general buildings and grounds	<u>\$ 429,134</u>	<u>\$ 429,134</u>	<u>\$ 411,368</u>	<u>\$ 17,766</u>
Total public works	<u>\$ 1,191,544</u>	<u>\$ 1,218,895</u>	<u>\$ 1,176,084</u>	<u>\$ 42,811</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 116,092</u>	<u>\$ 116,092</u>	<u>\$ 90,270</u>	<u>\$ 25,822</u>
Mental health and mental retardation:				
Crossroads Board	<u>\$ 68,000</u>	<u>\$ 68,000</u>	<u>\$ 68,000</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Welfare administration	\$ 15,744	\$ 15,744	\$ 15,557	\$ 187
Public assistance	2,099,648	2,099,648	2,231,529	(131,881)
Workforce investment	1,986,658	3,191,816	2,036,434	1,155,382
Comprehensive services act	1,112,500	1,112,500	725,296	387,204
Total welfare	<u>\$ 5,214,550</u>	<u>\$ 6,419,708</u>	<u>\$ 5,008,816</u>	<u>\$ 1,410,892</u>
Total health and welfare	<u>\$ 5,398,642</u>	<u>\$ 6,603,800</u>	<u>\$ 5,167,086</u>	<u>\$ 1,436,714</u>
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 3,475	\$ 3,475	\$ 3,475	\$ -
Contribution to County school board	3,414,583	3,481,833	4,016,520	(534,687)
Total education	<u>\$ 3,418,058</u>	<u>\$ 3,485,308</u>	<u>\$ 4,019,995</u>	<u>\$ (534,687)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 16,600</u>	<u>\$ 5,400</u>
Cultural enrichment:				
Red hill shrine	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Adult programs	48,460	48,460	48,460	-
Total cultural enrichment	<u>\$ 50,460</u>	<u>\$ 50,460</u>	<u>\$ 50,460</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 72,460</u>	<u>\$ 72,460</u>	<u>\$ 67,060</u>	<u>\$ 5,400</u>
Community development:				
Planning and community development:				
Planning	\$ 23,200	\$ 23,200	\$ 18,687	\$ 4,513
Zoning appeals board	2,600	2,600	210	2,390
Economic development	10,100	982,161	691,776	290,385
Total planning and community development	<u>\$ 35,900</u>	<u>\$ 1,007,961</u>	<u>\$ 710,673</u>	<u>\$ 297,288</u>
Environmental management:				
Contribution to soil and water district	<u>\$ 160,215</u>	<u>\$ 169,578</u>	<u>\$ 169,578</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	<u>\$ 46,100</u>	<u>\$ 46,100</u>	<u>\$ 40,720</u>	<u>\$ 5,380</u>
Total community development	<u>\$ 242,215</u>	<u>\$ 1,223,639</u>	<u>\$ 920,971</u>	<u>\$ 302,668</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Fixed charges	\$ 103,903	\$ 103,903	\$ 100,707	\$ 3,196
Capital projects:				
Other capital projects	\$ -	\$ 1,500,000	\$ 376,362	\$ 1,123,638
Debt service:				
Principal retirement	\$ 130,930	\$ 130,930	\$ 399,497	\$ (268,567)
Interest and other fiscal charges	-	-	110,718	(110,718)
Total debt service	\$ 130,930	\$ 130,930	\$ 510,215	\$ (379,285)
Total General Fund	<u>\$ 16,004,689</u>	<u>\$ 20,068,253</u>	<u>\$ 17,741,307</u>	<u>\$ 2,326,946</u>
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund				
Parks, recreation, and cultural:				
Library	\$ 229,143	\$ 230,188	\$ 226,841	\$ 3,347
Total Library Fund	<u>\$ 229,143</u>	<u>\$ 230,188</u>	<u>\$ 226,841</u>	<u>\$ 3,347</u>
Permanent Fund:				
Library Trust Fund				
Parks, recreation, and cultural:				
Library	\$ -	\$ -	\$ 15,473	\$ (15,473)
Total Library Trust Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,473</u>	<u>\$ (15,473)</u>
Total Nonmajor funds	<u>\$ 229,143</u>	<u>\$ 230,188</u>	<u>\$ 242,314</u>	<u>\$ (12,126)</u>
Total Primary Government	<u>\$ 16,233,832</u>	<u>\$ 20,298,441</u>	<u>\$ 17,983,621</u>	<u>\$ 2,314,820</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Education costs:				
Elementary and secondary schools	\$ 13,767,390	\$ 13,537,511	\$ 13,333,268	\$ 204,243
Administration attendance and health services	1,495,938	1,614,757	1,246,562	368,195
Pupil transportation	1,518,317	1,480,062	1,552,809	(72,747)
Operation and maintenance of school plant	2,266,992	2,292,835	2,444,478	(151,643)
Total education	<u>\$ 19,048,637</u>	<u>\$ 18,925,165</u>	<u>\$ 18,577,117</u>	<u>\$ 348,048</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board (Continued)				
School Operating Fund: (Continued)				
Capital projects:				
School Board capital projects	\$ -	\$ -	\$ 2,296,949	\$ (2,296,949)
Debt service:				
Principal retirement	\$ 293,215	\$ 512,109	\$ 1,173,663	\$ (661,554)
Interest and other fiscal charges	27,785	129,009	67,432	61,577
Total debt service	<u>\$ 321,000</u>	<u>\$ 641,118</u>	<u>\$ 1,241,095</u>	<u>\$ (599,977)</u>
Total School Operating Fund	<u>\$ 19,369,637</u>	<u>\$ 19,566,283</u>	<u>\$ 22,115,161</u>	<u>\$ (2,548,878)</u>
Special revenue fund:				
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,100,000	\$ 1,000,000	\$ 1,217,660	\$ (217,660)
Total Cafeteria Fund	<u>\$ 1,100,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,217,660</u>	<u>\$ (217,660)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,469,637</u>	<u>\$ 20,566,283</u>	<u>\$ 23,332,821</u>	<u>\$ (2,766,538)</u>

Other Statistical Information

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COUNTY OF CHARLOTTE, 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	Total
	Administration	Administration									
2002-03	\$ 903,610	\$ 484,590	\$ 2,413,660	\$ 922,072	\$ 2,129,186	\$ 3,353,097	\$ 262,445	\$ 201,066	\$ 258,515	\$ 10,928,241	
2003-04	851,937	470,516	2,604,893	802,824	2,515,319	3,156,146	269,716	153,627	231,468	11,056,446	
2004-05	1,022,883	423,568	2,948,363	843,479	4,793,109	3,730,257	279,840	161,924	211,221	14,414,644	
2005-06	1,198,605	477,181	3,239,862	960,029	4,948,521	3,520,345	278,866	235,750	218,073	15,077,232	
2006-07	1,187,579	508,746	3,672,013	1,077,918	5,402,871	3,160,662	282,518	187,479	169,542	15,649,328	
2007-08	1,207,426	530,807	3,715,718	1,200,163	5,150,012	4,009,759	344,549	502,205	149,299	16,809,938	
2008-09	1,170,626	602,610	3,733,311	1,127,597	4,857,792	3,152,675	309,900	478,363	129,807	15,562,681	
2009-10	1,175,629	549,960	3,301,492	603,238	6,305,896	3,216,899	320,954	2,526,132	97,682	18,097,882	
2010-11	1,239,455	569,155	3,588,708	1,392,987	5,443,673	3,704,470	333,627	565,944	102,899	16,940,918	
2011-12	1,467,594	560,488	3,617,834	1,213,874	5,184,311	4,195,289	309,725	922,497	92,060	17,563,672	

COUNTY OF CHARLOTTE, 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	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2002-03	\$ 280,746	\$ 3,683,764	\$ -	\$ 5,030,792	\$ 1,147,982	\$ 305,219	\$ 213,964	\$ 911,173	\$ 11,573,640	
2003-04	268,160	3,899,940	-	4,931,236	1,210,246	326,895	149,274	859,632	11,645,383	
2004-05	303,828	7,075,595	-	5,127,737	1,258,318	341,642	264,954	782,760	15,154,834	
2005-06	551,538	6,063,356	-	6,208,981	1,049,176	436,417	372,299	1,305,801	15,987,568	
2006-07	604,438	6,650,634	-	6,215,930	1,218,807	496,509	509,340	1,485,773	17,181,431	
2007-08	610,830	6,155,731	25,000	6,229,055	1,166,161	387,571	466,179	1,421,941	16,462,468	
2008-09	467,923	7,036,608	652,657	6,416,117	1,178,829	268,040	600,052	1,329,928	17,950,154	
2009-10	626,193	8,590,253	87,343	6,078,882	1,017,490	286,739	683,153	1,776,238	19,146,291	
2010-11	675,278	6,595,190	-	9,332,210	1,176,624	285,420	709,739	749,669	19,524,130	
2011-12	623,029	7,121,806	-	6,443,161	1,053,969	203,431	740,907	842,788	17,029,091	

COUNTY OF CHARLOTTE, VIRGINIA

Table 3

General Governmental Expenditures by Function (1) (2)
Last Ten Fiscal Years

Fiscal Year	General Government Administration			Public Safety	Public Works	Health and Welfare		Education	Parks, Recreation, and Cultural		Community Development	Debt Service	Total
	Administration	Judicial Administration	Public Safety			Health and Welfare	Education		Parks, Recreation, and Cultural	Community Development			
2002-03	\$ 826,140	\$ 420,437	\$ 2,508,631	\$ 821,304	\$ 2,103,589	\$ 16,932,967	\$ 261,095	\$ 201,066	\$ 974,011	\$ 25,049,240			
2003-04	883,142	401,125	2,741,952	804,065	2,489,508	16,759,357	265,738	153,627	1,178,719	25,677,233			
2004-05	894,866	431,421	2,991,232	823,995	4,744,801	18,392,351	278,490	161,924	697,789	29,416,869			
2005-06	1,068,851	444,812	3,182,009	1,071,583	4,945,516	19,944,020	277,516	235,750	579,280	31,749,337			
2006-07	1,066,733	488,377	3,644,730	1,169,130	5,403,679	20,348,911	281,168	187,479	722,831	33,313,038			
2007-08	1,070,191	494,306	3,702,573	1,318,050	5,130,902	22,918,172	343,199	502,205	659,609	36,139,207			
2008-09	1,023,597	565,689	3,714,469	1,100,126	4,849,312	21,571,857	308,321	1,897,890	846,744	35,878,005			
2009-10	1,022,532	520,384	3,381,657	1,247,171	6,271,008	20,513,605	313,651	2,524,469	882,174	36,676,651			
2010-11	1,087,620	539,281	3,594,502	1,443,796	5,410,945	20,001,521	324,954	563,281	774,910	33,740,810			
2011-12	1,311,671	530,529	3,560,627	1,176,084	5,167,086	19,798,252	309,374	920,971	1,751,310	34,525,904			

(1) Includes General, Special Revenue Funds, and Permanent Funds of the primary government and its discretely presented component unit, except for capital projects and nondepartmental.

(2) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes (2)		Other Local Taxes		Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (3)	Total
	\$		\$									
2002-03	\$ 5,004,875	\$ 1,147,982	\$ 28,655	\$ 136,920	\$ 312,671	\$ 446,752	\$ 487,031	\$ 136,139	\$ 17,822,332	\$ 25,523,357		
2003-04	4,910,557	1,210,246	27,453	93,953	334,676	484,072	374,288	135,191	18,056,961	25,627,397		
2004-05	5,116,699	1,258,318	23,882	131,515	352,557	498,724	550,375	-	22,202,161	30,134,231		
2005-06	6,893,945	1,049,176	32,355	238,942	447,256	642,807	598,621	-	21,779,657	31,682,759		
2006-07	6,798,741	1,218,807	32,659	141,962	517,854	775,292	811,167	-	24,066,490	34,362,972		
2007-08	7,007,489	1,166,161	40,890	180,790	402,906	755,388	792,594	-	25,363,438	35,709,656		
2008-09	7,091,372	1,178,829	33,431	150,785	274,422	753,038	896,069	-	26,125,514	36,503,460		
2009-10	6,796,248	1,017,490	52,931	166,714	288,265	879,103	1,003,439	-	26,965,640	37,169,830		
2010-11	9,771,363	1,176,624	50,015	133,944	286,728	958,296	1,098,833	-	22,573,541	36,049,344		
2011-12	7,141,599	1,053,969	57,974	163,470	206,015	825,807	1,395,333	-	23,255,678	34,099,845		

(1) Includes General, Special Revenue Funds and Permanent Funds of the primary government and its discretely presented component unit.

(2) Includes Commonwealth of Virginia PPTRA reimbursement.

(3) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)		Current Tax (1), (3) Collections		Percent of Levy Collected		Delinquent Tax (2) Collections		Total Tax Collections		Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy	
	Tax	Levy (1)	Tax (1), (3) Collections	Percent of Levy Collected	Delinquent Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy							
2002-03	\$ 5,630,671	\$	5,492,872	97.55%	\$ 93,303	\$ 5,586,175	99.21%	\$ 290,403	5.16%							
2003-04	5,600,033		5,372,862	95.94%	106,451	5,479,313	97.84%	388,637	6.94%							
2004-05	5,645,605		5,605,968	99.30%	49,199	5,655,167	100.17%	422,613	7.49%							
2005-06	6,739,553		6,632,723	98.41%	254,843	6,887,566	102.20%	371,226	5.51%							
2006-07	6,816,391		6,501,660	95.38%	154,821	6,656,481	97.65%	402,681	5.91%							
2007-08	6,942,514		6,750,577	97.24%	111,178	6,861,755	98.84%	341,680	4.92%							
2008-09	7,093,544		6,810,979	96.02%	155,161	6,966,140	98.20%	391,164	5.51%							
2009-10	6,532,177		6,463,416	98.95%	210,276	6,673,692	102.17%	406,270	6.22%							
2010-11	9,954,838		9,407,507	94.50%	218,401	9,625,908	96.70%	801,307	8.05%							
2011-12	6,408,642		6,378,940	99.54%	619,938	6,998,878	109.21%	611,439	9.54%							

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes Commonwealth of Virginia PPTRA reimbursement.

COUNTY OF CHARLOTTE, VIRGINIA

Assessed Value of Taxable Property
Last Ten Fiscal Years (1)

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools			Public Service	Total
				Merchants' Capital	Tools	Capital		
2002-03	\$ 569,861,100	\$ 68,323,810	\$ 5,007,190	\$ 17,439,550	\$ 757,540	\$ 52,738,642	\$ 714,127,832	
2003-04	579,349,720	71,100,423	6,616,080	9,986,668	782,870	51,653,470	719,489,231	
2004-05	585,736,000	70,185,398	7,266,190	12,738,249	749,910	46,213,173	722,888,920	
2005-06	595,247,620	77,374,258	7,334,170	12,623,170	816,849	44,755,418	738,151,485	
2006-07	604,537,500	82,731,982	7,651,460	8,214,562	788,494	43,095,318	747,019,316	
2007-08	945,895,550	83,806,224	6,090,910	5,193,843	753,388	59,538,191	1,101,278,106	
2008-09	953,460,850	86,840,009	6,863,850	6,389,078	831,637	56,355,953	1,110,741,377	
2009-10	961,990,800	67,884,109	6,877,367	5,755,896	771,449	54,534,257	1,097,813,878	
2010-11	970,876,650	77,910,392	6,805,157	5,699,916	786,073	54,191,406	1,116,269,594	
2011-12	977,029,100	84,524,978	6,903,429	5,072,447	810,656	63,793,637	1,138,134,247	

(1) 100% of fair market value

COUNTY OF CHARLOTTE, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchant's Capital	
		\$		\$		\$		\$		\$
2002-03	0.62	\$	2.00	\$	0.62	\$	2.00	\$	3.20	\$
2003-04	0.62		2.00		0.62		2.00		3.20	
2004-05	0.62		2.00		0.62		2.00		3.20	
2005-06	0.62		3.00		0.62		3.00		3.20	
2006-07	0.62		3.00		0.62		3.00		3.20	
2007-08	0.42		3.00		0.42		3.00		3.20	
2008-09	0.42		3.00		0.42		3.00		3.20	
2009-10	0.42		3.00		0.42		3.00		3.20	
2010-11	0.42		3.00		0.42		3.00		3.20	
2011-12	0.42		3.00		0.42		3.00		3.20	

(1) Per \$100 of assessed value.

COUNTY OF CHARLOTTE, 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 (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to		Net Bonded Debt per Capita
				Assessed Value	Assessed Value	
2002-03	12,472	\$ 714,127,832	\$ 2,942,907	0.41%	\$	236
2003-04	12,472	719,489,231	2,649,318	0.37%		212
2004-05	12,472	722,888,920	2,449,737	0.34%		196
2005-06	12,512	738,151,485	2,243,787	0.30%		179
2006-07	12,762	747,019,316	2,031,068	0.27%		159
2007-08	12,696	1,101,278,106	1,811,012	0.16%		143
2008-09	12,696	1,110,741,377	1,582,863	0.14%		125
2009-10	12,672	1,097,813,878	1,345,795	0.12%		106
2010-11	12,586	1,116,269,594	1,099,064	0.10%		87
2011-12	12,565	1,138,134,247	2,341,990	0.21%		186

(1) Weldon Cooper Center for Public Service

(2) From Table 6

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

COUNTY OF CHARLOTTE, 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(2)	Ratio of Debt Service to General Governmental Expenditures
2002-03	\$ 708,750	\$ 265,261	\$ 974,011	\$ 25,049,240	3.89%
2003-04	940,816	237,903	1,178,719	25,677,233	4.59%
2004-05	480,693	217,096	697,789	29,416,869	2.37%
2005-06	381,119	198,161	579,280	31,749,337	1.82%
2006-07	514,676	208,155	722,831	33,313,038	2.17%
2007-08	475,060	184,549	659,609	36,139,207	1.83%
2008-09	677,525	169,219	846,744	35,878,005	2.36%
2009-10	731,161	151,013	882,174	36,676,651	2.41%
2010-11	665,023	109,887	774,910	33,740,810	2.30%
2011-12	1,573,160	178,150	1,751,310	34,525,904	5.07%

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

(2) Excludes capital projects and nondepartmental

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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 Charlotte
Charlotte Court House, Virginia

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Charlotte, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Charlotte, Virginia's basic financial statements and have issued our report thereon dated December 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Charlotte, Virginia in a separate letter dated December 4, 2012.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 4, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of the Board of Supervisors
County of Charlotte
Charlotte Court House, Virginia

Compliance

We have audited County of Charlotte, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Charlotte, Virginia's major federal programs for the year ended June 30, 2012. County of Charlotte, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Charlotte, Virginia's management. Our responsibility is to express an opinion on County of Charlotte, Virginia's compliance based on our audit.

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

In our opinion, County of Charlotte, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

Internal Control Over Compliance: (Continued)

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

December 4, 2012

COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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	0400109/0400110	\$ 369,604
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	301
Low-income home energy assistance	93.568	0600409/0600410	14,532
Child Care and Development Fund Cluster:			
Child care and development block grant	93.575	0770109/0770110	24,839
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	26,395
Child welfare services - state grants	93.645	0900109/0900110	464
Foster care - Title IV-E	93.658	1100109/1100110	128,740
Adoption assistance	93.659	1120109/1120110	51,960
Social services block grant	93.667	1000109/1000110	137,937
Chafee foster care independence program	93.674	9150109/9150110	2,057
Children's health insurance program	93.767	0540109/0540110	5,994
Medical assistance program	93.778	1200109/1200110	122,130
Total Department of Health and Human Services			<u>\$ 884,953</u>
Department of Agriculture:			
Direct Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution - Child Nutrition Cluster	10.555		\$ 61,228
Summer food service program for children	10.559		33,424
Child Nutrition Discretionary Grants Limited Availability	10.579		16,530
Community Facilities Grant	10.766		100,500
Pass Through Payments:			
Department of Education:			
Child Nutrition Cluster:			
School breakfast program	10.553	405910	244,863
National school lunch program	10.555	406230	494,149
Subtotal: CFDA Number 10.555			<u>555,377</u>
Child and adult care food program	10.558	Unknown	2,717
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010110 0040109/0040110	<u>201,518</u>
Total Department of Agriculture			<u>\$ 1,154,929</u>

COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Department of Criminal Justice Service:			
Crime victim assistance	16.575		\$ 20,729
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804		<u>15,447</u>
Total Department of Criminal Justice			<u>\$ 36,176</u>
Department of Labor:			
Pass Through Payments:			
Department of Labor Employment Training Administration:			
Senior community service employment program	17.235	Unknown	\$ 257,735
WIA Cluster:			
Workforce investment act - adult program	17.258	Unknown	381,660
Workforce investment act - youth activities	17.259	Unknown	451,851
Workforce investment act - dislocated workers	17.260	Unknown	792,940
ARRA - Workforce investment act - dislocated workers	17.260	Unknown	<u>143,199</u>
Subtotal: CFDA Number 17.260			<u>936,139</u>
Total Department of Labor			<u>\$ 2,027,385</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol open container requirements	20.607	154AL201513004240	<u>\$ 23,626</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I grants to local educational agencies	84.010	429010	\$ 790,556
ARRA - Title I grants to local educational agencies	84.389	429130	78,350
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	430710	453,838
Special education - preschool grants	84.173	625210	15,619
Career and technical education - basic grants to states	84.048	610950	92,819
Title I school improvement grants	84.377	865920	36,745
Improving teacher quality state grants	84.367	614800	230,308
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Unknown	25,810
Twenty-First Century Community Learning Centers	84.287	605650	164,098
Rural education	84.358	434810	12,791
ARRA - Education Jobs Funds	84.410	Unknown	500,122
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	625320	52,512
Foreign language assistance	84.293	613000	<u>233,880</u>
Total Department of Education			<u>\$ 2,687,448</u>
Corporation for National and Community Service:			
Pass Through Payments:			
Department of Education:			
Learn and serve America - school and community based programs	94.004	601850	<u>\$ 20,964</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,835,481</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Charlotte, Virginia under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Charlotte, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Charlotte, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 3,312,070
Less: Payments in lieu of taxes	(8,516)
Less: BAB Subsidy	(29,396)
Total General Fund	<u>3,274,158</u>
Agency Funds:	
Virtual Virginia Fund	233,880
No Child Left Behind Fund	204,093
Total Agency Funds	<u>437,973</u>
Total primary government	<u>\$ 3,712,131</u>

Component Unit Public Schools:

School Operating Fund	\$ 2,303,874
School Cafeteria Fund	819,476
Total component unit public schools	<u>\$ 3,123,350</u>

Total federal expenditures per basic financial statements \$ 6,835,481

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 6,835,481

COUNTY OF CHARLOTTE, VIRGINIA

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133,
Section .510 (a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
	WIA Cluster:
17.258	Workforce Investment Act - Adult Programs
17.259	Workforce Investment Act - Youth Activities
17.260	ARRA - Workforce Investment Act - Dislocated Worker
17.260	Workforce Investment Act - Dislocated Worker
84.410	ARRA - Education Jobs Funds
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

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

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.

COUNTY OF CHARLOTTE, VIRGINIA

Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2012

There were no findings reported for the year ended June 30, 2011.

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