

COUNTY OF LUNENBURG, VIRGINIA



ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2012

COUNTY OF LUNENBURG, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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COUNTY OF LUNENBURG, VIRGINIA

Board of Supervisors

T. Wayne Hoover, Chairperson

Robert G. Zava
Dr. Frank W. Bacon
David E. Wingold, Sr.

Charles R. Slayton
Alvester L. Edmonds
Edward W. Pennington

Department of Social Services

Gail Berkley
Gordon Ashworth
Charles R. Slayton
Sheila Hawthorne-Loum

Jacqueline Moore
Sidney B. Chappell, Jr.
Mary Beth Gregory

County School Board

Donald B. Carnes, Chairperson

Kathy P. Coffee
James W. Duffy
Ada A. Whitehead

Janis T. Whitehead
Beverley P. Hawthorne
Elizabeth R. Williams

Other Officials

Judge of the Circuit Court	Richard S. Blanton
Clerk of the Circuit Court	Gordon F. Erby
Commonwealth's Attorney	Robert E. Clement
Commissioner of the Revenue	Patricia M. Adams
Treasurer	Amona Currin
Sheriff	Arthur Townsend
Superintendent of Schools	Dora G. Wynn
Director of Social Services	Dorothy A. Newcomb
County Administrator	Tracy M. Gee

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COUNTY OF LUNENBURG, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	10
Exhibit 2 Statement of Activities	11
 Fund Financial Statements:	
Exhibit 3 Balance Sheet--Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	14
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Fiduciary Net Assets--Fiduciary Funds	16
 Notes to Financial Statements	 17-46

**COUNTY OF LUNENBURG, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 8 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	47
Exhibit 9 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Special Revenue Fund	48
Exhibit 10 Schedule of Pension Funding Progress	49
Exhibit 11 Schedule of Funding Progress–Retiree Healthcare Plan	50
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Debt Service Fund	51
Exhibit 13 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Capital Projects Fund	52
Exhibit 14 Statement of Changes in Assets and Liabilities–Agency Funds	53
Discretely Presented Component Unit School Board:	
Exhibit 15 Combining Balance Sheet	54
Exhibit 16 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	55
Exhibit 17 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual	56
Discretely Presented Component Unit Industrial Development Authority:	
Exhibit 18 Statement of Net Assets	57
Exhibit 19 Statement of Revenues, Expenses and Changes in Net Assets	58
Exhibit 20 Statement of Cash Flows	59

COUNTY OF LUNENBURG, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

Other Supplementary Information: (Continued)

	<u>Page</u>
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	60-65
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	66-69
Other Statistical Tables:	
Table 1 Government-Wide Expenses by Function–Last Ten Fiscal Years	70
Table 2 Government-Wide Revenues–Last Ten Fiscal Years	71
Table 3 Governmental Expenditures by Function–Last Ten Fiscal Years	72
Table 4 Governmental Revenues by Source–Last Ten Fiscal Years	73
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	74
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	75
Table 7 Property Tax Rates–Last Ten Fiscal Years	76
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	77
<u>Compliance:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78-79
Independent Auditors’ Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	80-81
Schedule of Expenditures of Federal Awards	82-83
Notes to Schedule of Expenditures of Federal Awards	84
Schedule of Findings and Questioned Costs	85-86
Schedule of Prior Year Findings and Questioned Costs	87

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lunenburg, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Lunenburg, 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 units, each major fund, and the aggregate remaining fund information of the County of Lunenburg, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2013, on our consideration of the County of Lunenburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension funding progress and schedule of funding progress-retiree healthcare plan 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, schedule of pension funding progress and schedule of funding progress-retiree healthcare plan 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, schedule of pension funding progress and schedule of funding progress-retiree healthcare plan 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 Lunenburg, Virginia's financial statements as a whole. The other supplementary information and schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in dark ink, appearing to read "R. Frick", followed by a long horizontal line extending to the right.

Richmond, Virginia
January 3, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of Lunenburg County County of Lunenburg, Virginia

As management of the County of Lunenburg, 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. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,783,098 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$2,692,010 (Exhibit 5) after making contributions totaling \$3,209,964 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$9,711,105, an increase of \$2,692,010 in comparison with the prior year. The increase was due in large part to the County changing to half year tax collections
- < .
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,643,968, or 45% of total general fund expenditures and other uses.
- < The combined long-term obligations increased \$1,788,764 during the current fiscal year, mostly due to the issuance of a general obligation bond.

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.

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 Lunenburg, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Lunenburg, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented 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 Lunenburg, 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.

Overview of the Financial Statements (Continued)

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

Other information - In addition to the basic financial statement 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 Industrial Development Authority. Neither issues 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 \$9,783,098 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Lunenburg, Virginia's Net Assets			
		Governmental Activities	
		2012	2011
Current and other assets	\$	13,576,988	\$ 7,569,385
Capital assets		19,953,154	19,043,382
Total assets	\$	33,530,142	\$ 26,612,767
Current liabilities	\$	3,406,780	\$ 384,915
Long-term liabilities outstanding		20,340,264	18,551,500
Total liabilities	\$	23,747,044	\$ 18,936,415
Net assets:			
Invested in capital assets, net of related debt	\$	5,055,665	\$ 4,515,969
Restricted		334,337	-
Unrestricted		4,393,096	3,160,383
Total net assets	\$	9,783,098	\$ 7,676,352

Government-wide Financial Analysis (Continued)

The County's net assets increased by \$2,106,746 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Lunenburg, Virginia's Changes in Net Assets			
	Governmental Activities		
	2012	2011	
Revenues:			
Program revenues:			
Charges for services	\$ 221,790	\$ 206,780	
Operating grants and contributions	4,638,023	3,614,913	
General revenues:			
General property taxes	8,451,150	5,355,045	
Other local taxes	781,842	611,393	
Grants and other contributions not restricted	1,281,254	1,311,378	
Other general revenues	150,752	469,943	
Total revenues	\$ 15,524,811	\$ 11,569,452	
Expenses:			
General government administration	\$ 1,202,736	\$ 993,543	
Judicial administration	842,594	786,302	
Public safety	1,855,943	1,796,683	
Public works	1,490,600	1,349,351	
Health and welfare	2,530,373	2,426,380	
Education	3,853,703	3,687,691	
Parks, recreation, and cultural	-	138,749	
Community development	833,964	408,819	
Interest and other fiscal charges	808,152	705,728	
Total expenses	\$ 13,418,065	\$ 12,293,246	
Change in net assets	\$ 2,106,746	\$ (723,794)	
Beginning of year	7,676,352	8,400,146	
End of year	\$ 9,783,098	\$ 7,676,352	

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$9,711,105, an increase of \$2,692,010 in comparison with the prior year. The increase was due in large part to the County changing to half year tax collections and issuance of debt. Approximately 58% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the county had a fund balance of \$1,919,143.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of \$43,655 and can be briefly summarized as follows:

- < \$ 1,586,969 increase in general administration expenditures
- < \$ 44,655 increase in public safety expenditures
- < \$ 1,586,969 decrease in capital projects expenditures
- < \$ 1,000 decrease in public works expenditures

During the year, revenues and other sources exceeded budgetary estimates by \$1,010,001 and budgetary estimates were greater than expenditures and other uses by \$823,621. The resulting positive variance for change in fund balance was \$1,833,622.

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 \$19,153,154 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$16,829,493. Of this amount, \$11,038,870 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds and capital leases).

The County's total debt increased by \$1,404,044 during the current fiscal year, mostly due to the issuance of a general obligation bond.

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

Economic Factors and Next Year's Budgets and Rates

- < The unemployment rate for the County was 8.8 percent compared to the state's average unemployment rate of 5.7 percent.
- < Inflationary trends in the region compare to national indexes.

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

The fiscal year 2013 budget decreased by approximately 7 percent, the real estate tax rate increased from \$.36 to \$.38 per \$100 of assessed valuation and all remaining tax rates remained the same as in 2012.

Requests for Information

This financial report is designed to provide a general overview of the County of Lunenburg, 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, 11413 Courthouse Road, Lunenburg, Virginia 23952.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Lunenburg, Virginia
Statement of Net Assets
June 30, 2012

	Primary Government Governmental Activities	Component Units	
		School Board	IDA
ASSETS			
Cash and cash equivalents	\$ 5,697,731	\$ 437,658	\$ 20,591
Investments	175,344	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	3,602,855	-	-
Accounts receivable	36,817	44,385	-
Lease receivable	-	-	712,830
Due from other governmental units	1,882,567	398,487	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	2,181,674	-	-
Capital assets (net of accumulated depreciation):			
Land	279,656	37,807	-
Buildings	9,712,135	10,094	-
Equipment	1,153,391	592,221	-
Jointly owned assets	7,763,869	3,653,860	-
Construction in progress	1,044,103	-	-
Total assets	<u>\$ 33,530,142</u>	<u>\$ 5,174,512</u>	<u>\$ 733,421</u>
LIABILITIES			
Accounts payable	\$ 458,736	\$ 63,936	\$ -
Accrued interest payable	233,534	-	-
Due to other governmental units	-	318,524	630,000
Unearned revenue	2,714,510	-	-
Long-term liabilities:			
Due within one year	940,511	-	-
Due in more than one year	19,399,753	48,420	-
Total liabilities	<u>\$ 23,747,044</u>	<u>\$ 430,880</u>	<u>\$ 630,000</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,055,665	\$ 4,293,982	\$ -
Restricted	334,337	-	-
Unrestricted (deficit)	4,393,096	449,650	103,421
Total net assets	<u>\$ 9,783,098</u>	<u>\$ 4,743,632</u>	<u>\$ 103,421</u>
Total Liabilities and Net Assets	<u>\$ 33,530,142</u>	<u>\$ 5,174,512</u>	<u>\$ 733,421</u>

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

County of Lunenburg, Virginia
Statement of Activities
For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Units School Board IDA</u>
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,202,736	\$ -	\$ 185,206	\$ -	\$ (1,017,530)	\$ -
Judicial administration	842,594	63,447	396,055	-	(383,092)	-
Public safety	1,855,943	26,328	794,020	-	(1,035,595)	-
Public works	1,490,600	103,070	-	-	(1,387,530)	-
Health and welfare	2,530,373	-	1,992,486	-	(537,887)	-
Education	3,853,703	-	-	-	(3,853,703)	-
Community development	833,964	28,945	1,166,709	-	361,690	-
Interest on long-term debt	808,152	-	103,547	-	(704,605)	-
Total governmental activities	\$ 13,418,065	\$ 221,790	\$ 4,638,023	\$ -	\$ (8,558,252)	\$ -
Total primary government	\$ 13,418,065	\$ 221,790	\$ 4,638,023	\$ -	\$ (8,558,252)	\$ -
COMPONENT UNITS:						
School Board	\$ 17,688,095	\$ 493,404	\$ 13,708,690	\$ -	\$ -	\$ (3,486,001)
IDA	218,808	-	-	-	-	(218,808)
Total component units	\$ 17,906,903	\$ 493,404	\$ 13,708,690	\$ -	\$ -	\$ (3,486,001)
General revenues:						
General property taxes					\$ 8,451,150	\$ -
Local sales and use taxes					299,353	-
Motor vehicle licenses					254,400	-
Utility taxes					169,120	-
Other local taxes					58,969	-
Unrestricted revenues from use of money and property					81,293	816
Miscellaneous					69,459	-
Grants and contributions not restricted to specific programs					1,281,254	-
Payment from Lunenburg County					-	3,631,933
Total general revenues					\$ 10,664,998	\$ 3,632,749
Change in net assets					\$ 2,106,746	\$ 146,748
Net assets - beginning					7,676,352	4,596,884
Net assets - ending					\$ 9,783,098	\$ 4,743,632
						\$ 103,421

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

FUND FINANCIAL STATEMENTS

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County of Lunenburg, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 5,932,861	\$ 159,725	\$ 300,000	\$ -	\$ 6,392,586
Investments	175,344	-	-	-	175,344
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,602,800	55	-	-	3,602,855
Accounts receivable	36,817	-	-	-	36,817
Due from other governmental units	1,013,155	869,412	-	-	1,882,567
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	2,181,674	2,181,674
Total assets	<u>\$ 10,760,977</u>	<u>\$ 1,029,192</u>	<u>\$ 300,000</u>	<u>\$ 2,181,674</u>	<u>\$ 14,271,843</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 196,205	\$ -	\$ -	\$ 262,531	\$ 458,736
Reconciled overdraft payable	-	694,855	-	-	694,855
Deferred revenue	3,407,147	-	-	-	3,407,147
Total liabilities	<u>\$ 3,603,352</u>	<u>\$ 694,855</u>	<u>\$ -</u>	<u>\$ 262,531</u>	<u>\$ 4,560,738</u>
Fund balances:					
Restricted	\$ -	\$ 334,337	\$ -	\$ 1,919,143	\$ 2,253,480
Committed	1,513,657	-	-	-	1,513,657
Assigned	-	-	300,000	-	300,000
Unassigned	5,643,968	-	-	-	5,643,968
Total fund balances	<u>\$ 7,157,625</u>	<u>\$ 334,337</u>	<u>\$ 300,000</u>	<u>\$ 1,919,143</u>	<u>\$ 9,711,105</u>
Total liabilities and fund balances	<u>\$ 10,760,977</u>	<u>\$ 1,029,192</u>	<u>\$ 300,000</u>	<u>\$ 2,181,674</u>	<u>\$ 14,271,843</u>

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

County of Lunenburg, Virginia
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	\$ 9,711,105
--	--------------

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

Capital assets, cost	\$27,852,280	
Less: accumulated depreciation	<u>(7,899,126)</u>	19,953,154

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	692,637
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bonds	\$ (5,587,000)	
General obligation bonds	(11,288,540)	
Capital leases	(203,623)	
Landfill post closure care	(3,191,511)	
Compensated absences payable	(69,590)	
Accrued interest payable	<u>(233,534)</u>	(20,573,798)

Net assets of governmental activities	<u><u>\$ 9,783,098</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Lunenburg, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 8,206,738	\$ -	\$ -	\$ -	\$ 8,206,738
Other local taxes	781,842	-	-	-	781,842
Permits, privilege fees, and regulatory licenses	25,682	-	-	-	25,682
Fines and forfeitures	35,644	-	-	-	35,644
Revenue from the use of money and property	76,695	158	-	4,440	81,293
Charges for services	130,397	30,067	-	-	160,464
Miscellaneous	69,422	37	-	-	69,459
Recovered costs	41,436	-	-	-	41,436
Intergovernmental revenues:					
Lunenburg School Board	-	-	390,162	-	390,162
Commonwealth	4,092,432	1,136,008	-	-	5,228,440
Federal	562,290	25,000	103,547	-	690,837
Total revenues	<u>\$ 14,022,578</u>	<u>\$ 1,191,270</u>	<u>\$ 493,709</u>	<u>\$ 4,440</u>	<u>\$ 15,711,997</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,345,432	\$ -	\$ -	\$ -	\$ 1,345,432
Judicial administration	607,878	-	-	-	607,878
Public safety	1,777,464	4,654	-	-	1,782,118
Public works	1,021,773	-	-	-	1,021,773
Health and welfare	2,518,865	-	-	-	2,518,865
Education	3,209,964	-	-	-	3,209,964
Community development	413,559	1,286,354	-	-	1,699,913
Capital projects	23,429	-	-	1,342,405	1,365,834
Debt service:					
Principal retirement	72,385	-	6,415,366	-	6,487,751
Interest and other fiscal charges	6,597	-	860,273	5,384	872,254
Total expenditures	<u>\$ 10,997,346</u>	<u>\$ 1,291,008</u>	<u>\$ 7,275,639</u>	<u>\$ 1,347,789</u>	<u>\$ 20,911,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,025,232</u>	<u>\$ (99,738)</u>	<u>\$ (6,781,930)</u>	<u>\$ (1,343,349)</u>	<u>\$ (5,199,785)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 525	\$ -	\$ 1,494,930	\$ -	\$ 1,495,455
Transfers out	(1,494,930)	(525)	-	-	(1,495,455)
Issuance of debt	-	-	5,587,000	2,100,000	7,687,000
Issuance of capital leases	204,795	-	-	-	204,795
Total other financing sources (uses)	<u>\$ (1,289,610)</u>	<u>\$ (525)</u>	<u>\$ 7,081,930</u>	<u>\$ 2,100,000</u>	<u>\$ 7,891,795</u>
Net change in fund balances	\$ 1,735,622	\$ (100,263)	\$ 300,000	\$ 756,651	\$ 2,692,010
Fund balances - beginning	5,422,003	434,600	-	1,162,492	7,019,095
Fund balances - ending	<u>\$ 7,157,625</u>	<u>\$ 334,337</u>	<u>\$ 300,000</u>	<u>\$ 1,919,143</u>	<u>\$ 9,711,105</u>

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

County of Lunenburg, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$	2,692,010
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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. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 2,257,506	
Transfer of joint tenancy assets	(421,969)	
Depreciation expense	<u>(925,765)</u>	909,772

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		244,412
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 5,679,766	
Principal retirement on general obligation bonds	735,599	
Issuance of general obligation bonds	(2,100,000)	
Issuance of lease revenue bonds	(5,587,000)	
Issuance of capital leases	(204,795)	
Principal retirement on capital leases	72,386	
Increase of landfill closure care	<u>(386,472)</u>	(1,790,516)

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

(Increase) decrease in interest payable	\$ 49,316	
Amortization of bond issuance premium	14,786	
(Increase) decrease in accrued leave	<u>(13,034)</u>	51,068

Change in net assets of governmental activities	\$	<u><u>2,106,746</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Lunenburg, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 6,884
	<hr/>
LIABILITIES	
Amounts held for others	\$ 820
Amounts held for social services clients	6,064
Total liabilities	<hr/> \$ 6,884 <hr/>

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

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NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2012

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Lunenburg, 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.

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF LUNENBURG, VIRGINIA

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

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

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

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

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

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 a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

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

COUNTY OF LUNENBURG, VIRGINIA

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

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

B. Individual Component Unit Disclosures

Blended Component Units. The County has no blended component units at June 30, 2012.

Discretely Presented Component Units. The School Board members are elected by the citizens of Lunenburg County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2012.

The Industrial Development Authority of Lunenburg County is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2012. The Industrial Development Authority of Lunenburg County does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Crossroads Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$51,000 to the Crossroads Community Services Board.

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Lunenburg, Virginia, Office of the Administrator, 11413 Courthouse Road, Lunenburg, VA 23952.

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

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

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

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

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.

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

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

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.

COUNTY OF LUNENBURG, VIRGINIA

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund, County Special Revenue Fund, County Debt Service Fund, and County Capital Projects fund as major governmental funds.

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

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

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

Debt Service Fund - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

The County reports the following nonmajor governmental funds:

2. 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 modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. 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.

COUNTY OF LUNENBURG, VIRGINIA

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

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

F. Investments

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

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$312,586 at June 30, 2012 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5/June 5 (50% each date)	December 5
Lien Date	January 1	January 1

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, 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. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. 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.

COUNTY OF LUNENBURG, VIRGINIA

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

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

H. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as expenses in the Statement of Activities and long-term obligations 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 is estimated will be taken as "terminal leave" prior to retirement.

J. Retirement Plan

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

K. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

L. 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.

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

L. Fund Equity (Continued)

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

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COUNTY OF LUNENBURG, VIRGINIA

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

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

L. Fund Equity (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

		Major Special Revenue Fund	Major Debt Service Fund	Major Capital Projects Fund	
		County	Debt	County	
	General Fund	Special Revenue Fund	Service Fund	Capital Projects	Total
Fund Balances:					
Restricted for:					
Airport commission	\$ -	\$ 8,002	\$ -	\$ -	\$ 8,002
Law library	-	16,409	-	-	16,409
Asset forfeiture	-	14,081	-	-	14,081
Economic development	-	121,289	-	-	121,289
School Construction	-	-	-	1,919,143	1,919,143
Tobacco grant	-	174,556	-	-	174,556
Total Restricted Fund Balance	\$ -	\$ 334,337	\$ -	\$ 1,919,143	\$ 2,253,480
Committed to:					
Landfill	\$ 992,787	\$ -	\$ -	\$ -	\$ 992,787
Voting machines	12,868	-	-	-	12,868
E-911	508,002	-	-	-	508,002
Total Committed Fund Balance	\$ 1,513,657	\$ -	\$ -	\$ -	\$ 1,513,657
Assigned to:					
Debt service payments	\$ -	\$ -	\$ 300,000	\$ -	\$ 300,000
Total Assigned Fund Balance	\$ -	\$ -	\$ 300,000	\$ -	\$ 300,000
Unassigned Fund Balance	\$ 5,643,968	\$ -	\$ -	\$ -	\$ 5,643,968
Total Fund Balances	\$ 7,157,625	\$ 334,337	\$ 300,000	\$ 1,919,143	\$ 9,711,105

M. 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.

N. Long-term Obligations

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

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

COUNTY OF LUNENBURG, VIRGINIA

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

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

O. Restricted Assets

Restricted assets of \$2,181,674 represent unspent bond proceeds held by the State Non-Arbitrage Program related to a 2010 and 2011 VPSA bond issue.

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2012:

County Special Revenue Fund	\$	420,928
County Debt Service Fund		56,382
County Capital Projects Fund		172,405

Note 3—Deposits and Investments:

Deposits

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

COUNTY OF LUNENBURG, VIRGINIA

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

Note 3—Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

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

	Fair Quality Ratings			
	AAA	AA	AA+	AA-
State Non-Arbitrage Pool	\$ 2,291,348	\$ -	\$ -	\$ -
Corporate Debt	-	-	51,688	51,736
Municipal/Public Bonds	157,957	197,070	565,242	51,379
Total	\$ 2,449,305	\$ 197,070	\$ 616,930	\$ 103,115

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Municipal/Public Bonds	\$ 971,648	\$ 796,304	\$ 175,344
Corporate Debt	103,424	103,424	-
Total	\$ 1,075,072	\$ 899,728	\$ 175,344

External Investment Pools

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

COUNTY OF LUNENBURG, VIRGINIA

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

Note 4—Due to/from Other Governments:

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

	Primary Government	Component Unit School Board	Component Unit IDA
Other Local Governments:			
Lunenburg County School Board	\$ 318,524	\$ -	\$ -
Commonwealth of Virginia:			
Local sales tax	51,632	-	-
Welfare	27,246	-	-
State Sales Tax	-	271,347	-
Wireless grant	3,434	-	-
Constitutional officer reimbursements	98,384	-	-
Fire programs	3,752	-	-
Recordation tax	2,907	-	-
Victim witness grant	10,359	-	-
Tobacco Grant	869,412	-	-
Juror payments	180	-	-
Comprehensive services act	428,051	-	-
Communications tax	35,971	-	-
Federal Government:			
School fund grants	-	127,140	-
Welfare	32,715	-	-
Total due from other governments	\$ <u>1,882,567</u>	\$ <u>398,487</u>	\$ <u>-</u>

At June 30, 2012, amounts due to other local governments are as follows:

Other Local Governments:			
County of Lunenburg	\$ -	\$ 318,524	\$ -
Commonwealth of Virginia:			
Virginia Tobacco Commission	<u>-</u>	<u>-</u>	<u>630,000</u>
Total due from other governments	\$ <u>-</u>	\$ <u>318,524</u>	\$ <u>630,000</u>

COUNTY OF LUNENBURG, VIRGINIA

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

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 279,656	\$ -	\$ -	\$ 279,656
Construction in progress	-	1,044,103	-	1,044,103
Total capital assets not subject to depreciation	\$ 279,656	\$ 1,044,103	\$ -	\$ 1,323,759
Capital assets subject to depreciation:				
Buildings	\$ 10,832,403	\$ 944,643	\$ -	\$ 11,777,046
Equipment	2,917,131	268,760	-	3,185,891
Jointly owned assets	12,194,179	-	628,595	11,565,584
Total capital assets subject to depreciation	\$ 25,943,713	\$ 1,213,403	\$ 628,595	\$ 26,528,521
Less accumulated depreciation for:				
Buildings	\$ 1,738,924	\$ 325,987	\$ -	\$ 2,064,911
Equipment	1,746,352	286,148	-	2,032,500
Jointly owned assets	3,694,711	313,630	206,626	3,801,715
Total accumulated depreciation	\$ 7,179,987	\$ 925,765	\$ 206,626	\$ 7,899,126
Total capital assets being depreciated, net	\$ 18,763,726	\$ 287,638	\$ 421,969	\$ 18,629,395
Governmental capital assets, net	\$ 19,043,382	\$ 1,331,741	\$ 421,969	\$ 19,953,154

Component Unit - School Board:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 37,807	\$ -	\$ -	\$ 37,807
Total capital assets not subject to depreciation	\$ 37,807	\$ -	\$ -	\$ 37,807
Capital assets subject to depreciation:				
Buildings	\$ 16,824	\$ -	\$ -	\$ 16,824
Equipment	2,850,646	-	-	2,850,646
Jointly owned assets	4,814,442	-	(628,595)	5,443,037
Total capital assets subject to depreciation	\$ 7,681,912	\$ -	\$ (628,595)	\$ 8,310,507
Less accumulated depreciation for:				
Buildings	\$ 3,365	\$ 3,365	\$ -	\$ 6,730
Equipment	2,079,510	178,915	-	2,258,425
Jointly owned assets	1,458,726	123,825	(206,626)	1,789,177
Total accumulated depreciation	\$ 3,541,601	\$ 306,105	\$ (206,626)	\$ 4,054,332
Total capital assets being depreciated, net	\$ 4,140,311	\$ (306,105)	\$ (421,969)	\$ 4,256,175
Governmental capital assets, net	\$ 4,178,118	\$ (306,105)	\$ (421,969)	\$ 4,293,982

COUNTY OF LUNENBURG, VIRGINIA

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

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	48,543
Judicial administration		234,716
Public safety		161,515
Public works		80,258
Health and welfare		21,019
Education		313,630
Community development		<u>66,084</u>

Total Governmental activities	\$	<u><u>925,765</u></u>
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Component Unit School Board	\$	<u><u>306,105</u></u>
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Note 6—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	\$ 525	\$ 1,494,930
County special revenue	-	525
County debt service fund	<u>1,494,930</u>	<u>-</u>
Total Primary Government	\$ <u><u>1,495,455</u></u>	\$ <u><u>1,495,455</u></u>
Component Unit:		
School operating	\$ -	\$ 727,078
School special revenue	<u>727,078</u>	<u>-</u>
Total Component Unit School Board	\$ <u><u>727,078</u></u>	\$ <u><u>727,078</u></u>

COUNTY OF LUNENBURG, VIRGINIA

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

Note 6—Interfund Transfers: (Continued)

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

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2012:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 56,556	\$ 18,690	\$ 5,656	\$ 69,590	\$ 6,959
Capital lease (Note 8)	71,214	204,795	72,386	203,623	91,420
Lease revenue bonds payable	5,679,766	5,587,000	5,679,766	5,587,000	260,000
Landfill post closure care	2,805,039	386,472	-	3,191,511	-
Total incurred by County	\$ 8,612,575	\$ 6,196,957	\$ 5,757,808	\$ 9,051,724	\$ 358,379
Incurred by School Board:					
General obligation bonds	\$ 9,674,469	\$ 2,100,000	735,599	\$ 11,038,870	\$ 582,132
Add deferred amounts for:					
Issuance premium	264,456	-	14,786	249,670	-
Total incurred by School Board	\$ 9,938,925	\$ 2,100,000	\$ 750,385	\$ 11,288,540	\$ 582,132
Total Governmental Obligations	\$ 18,551,500	\$ 8,296,957	\$ 6,508,193	\$ 20,340,264	\$ 940,511

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2013	\$ 260,000	\$ 138,942
2014	396,000	132,110
2015	404,000	122,289
2016	415,000	112,270
2017	426,000	101,978
2018	436,000	91,413
2019	446,000	80,600
2020	457,000	69,539
2021	468,000	58,205
2022	1,879,000	46,599
Total	\$ <u>5,587,000</u>	\$ <u>953,945</u>

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COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2013	\$ 582,132	\$ 498,322
2014	586,603	474,029
2015	605,464	449,840
2016	630,491	423,917
2017	655,959	396,888
2018	681,905	368,530
2019	708,209	337,101
2020	729,722	308,270
2021	751,771	278,484
2022	774,177	247,717
2023	721,765	217,729
2024	743,859	189,219
2025	760,678	160,287
2026	777,735	130,635
2027	414,500	109,451
2028	336,200	34,128
2029	347,700	20,945
2030	115,000	7,331
2031	115,000	2,444
Total	\$ 11,038,870	\$ 4,655,267

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Details of long-term indebtedness are as follows:

General Obligations:

Incurred by County:

Capital Lease Obligations:

\$67,800 Capital lease issued August 10, 2011, secured by a leasehold interest in the equipment. Due in monthly installments of \$1,991 (principal plus interest) at 3.64% interest rate.	\$	51,537
\$51,670 Capital lease issued August 10, 2011, secured by a leasehold interest in the equipment. Due in monthly installments of \$1,482 (principal plus interest) at 2.09% interest rate.	\$	39,054
\$83,325 Capital lease issued August 10, 2011, secured by a leasehold interest in the equipment. Due in monthly installments of \$2,505 (principal plus interest) at 3.64% interest rate.	\$	64,858
\$115,300 Capital lease issued July 21, 2008, secured by a leasehold interest in the equipment. Due in annual installments of \$25,176 (principal plus interest) at 3.00% interest rate.	\$	<u>48,174</u>
Total Capital Lease Obligations	\$	<u>203,623</u>

Lease Revenue Bonds:

\$5,587,000 public facility lease revenue bond, Series 2012, issued January 31, 2012 due on varying installments of principal plus interest through February 1, 2022, interest at 2.48%.	\$	<u>5,587,000</u>
Landfill post closure cost (payable from the General Fund)	\$	<u>3,191,511</u>
Compensated absences (payable from the General Fund)	\$	<u>69,590</u>
Total incurred by County	\$	<u>9,051,724</u>

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Details of long-term indebtedness are as follows: (Continued)

General Obligations: (continued)

Incurred by School Board:

General Obligation Bonds:

\$907,919 General Obligation Refunding Note, Series 1998, issued July 30, 1998, due in annual installments of \$85,162, through July 30, 2017, interest at 6.59%.	\$	411,116
\$750,000 School Bonds 2003B Series issued March 15, 2003 due in varying annual installments through February 1, 2029, interest at various rates.		105,000
\$5,856,256 School Bonds 2005A Series issued October 25, 2005, due in varying annual installments through January 15, 2006, interest at various rates.		4,384,254
\$3,020,000 School Bonds 2005B Series issued October 25, 2005, due in varying annual installments through February 1, 2029, interest at 3.75%.		2,868,500
\$1,175,000 School Bonds issued July 8, 2010, due in varying annual installments through June 1, 2027.		1,170,000
\$2,100,000 Virginia Public School Authority bonds issued December 15, 2011, due in varying annual installments of principal and interest through December 1, 2030, interest at 4.25%.		2,100,000
Bond premium	\$	<u>249,670</u>
Total General Obligation Bonds	\$	<u>11,288,540</u>
Total Incurred by School Board	\$	<u>11,288,540</u>
Total General Obligations, Primary Government	\$	<u>20,340,264</u>

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Component Unit-School Board:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Component Unit-School Board:					
OPEB liability	\$ 34,420	\$ 69,200	55,200	\$ 48,420	\$ -
Total Component Unit-School Board	\$ 34,420	\$ 69,200	\$ 55,200	\$ 48,420	\$ -

Note 8—Capital Lease:

The government has entered into a lease agreement as lessee for financing the acquisition of Landfill equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through capital lease is as follows:

	Primary Government
Asset:	
Equipment	\$ 320,095
Less: accumulated depreciation	87,079
Total	\$ 233,016

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

Year Ended June 30	Primary Government
2013	\$ 96,917
2014	96,917
2015	17,935
Total minimum lease payments	\$ 211,769
Less: amount representing interest	(8,146)
Present value of minimum lease payments	\$ 203,623

COUNTY OF LUNENBURG, VIRGINIA

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

Note 9—Closure and Postclosure Costs:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years. Although the landfill has already stopped accepting waste, the process of closing the landfill has not started. The \$3,191,511 was reported as landfill closure and postclosure care liability at June 30, 2012, and it represents the cumulative amount to date based on the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

Note 10—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$3,407,147 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled \$117,920 at June 30, 2012.

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,289,227 at June 30, 2012.

Note 11—Commitments and Contingent Liabilities:

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

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

A construction contract was outstanding at June 30, 2012 for a school energy upgrade project with Trane. The total contract was \$1,104,665 and \$110,460 was outstanding at June 30, 2012.

COUNTY OF LUNENBURG, VIRGINIA

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

Note 12—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 the County.

Note 13 –Risk Management:

The County and Component Unit School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates with other Virginia localities in public entity risk pools for the provision of insurance coverage. The County receives workers' compensation, liability and property loss coverage through the Virginia Association of Counties Group Self Insurance Risk Pool. The School Board receives its workers' compensation coverage from the School Systems of Virginia and all other coverage from commercial carriers. The County pays an annual premium to the pool for insurance through member premiums. There have been no reductions in any insurance coverage from the previous year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2012

Note 14 –Defined Benefit Pension Plan:

Primary Government and Discretely Presented Component Unit-School Board:

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 five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and 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 a 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 members plan apply.

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

COUNTY OF LUNENBURG, VIRGINIA

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

Note 14 – Defined Benefit Pension Plan (Continued):

Primary Government and Discretely Presented Component Unit-School Board: (continued)

A. Plan Description (Continued)

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 (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Website at <http://www.varetire.org/Pdf/Publications/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 and School Board non-professional's contribution rate for the fiscal year ended 2012 was 9.42% and 6.08% of annual covered payroll, respectively.

The Lunenburg County School Board professional employees current rate is 6.33%. The contribution requirements of plan members and Lunenburg County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2012, 2011, and 2010 were \$517,162, \$317,915, and \$654,847, respectively, and equal to the required contributions for each year.

C. Annual Pension Cost

For fiscal year 2012, the County's annual pension cost of \$199,056 (which does not include the portion of the employee share assumed by the employer which was \$105,657) was equal to the County's required and actual contributions.

COUNTY OF LUNENBURG, VIRGINIA

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

Note 14 –Defined Benefit Pension Plan (Continued):

Primary Government and Discretely Presented Component Unit-School Board: (continued)

C. Annual Pension Cost (Continued)

For fiscal year 2012, the County School Board's annual pension cost for the Board's non-professional employees was \$38,544 (which does not include the portion of the employee share assumed by the Board which was \$31,697) which was equal to the Board's required and actual contributions.

Three Year Trend Information

<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	\$	199,056	100%	\$	-
June 30, 2011		204,076	100%		-
June 30, 2010		186,124	100%		-
School Board:					
Non-Professional:					
June 30, 2012	\$	38,544	100%	\$	-
June 30, 2011		38,365	100%		-
June 30, 2010		45,223	100%		-

(1) Employer portion only

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

COUNTY OF LUNENBURG, VIRGINIA

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

Note 14 –Defined Benefit Pension Plan (Continued):

Primary Government and Discretely Presented Component Unit-School Board: (continued)

D. Funded Status and Funding Progress:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 76.04% funded. The actuarial accrued liability for benefits was \$11,298,845, and the actuarial value of assets was \$8,591,601, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,707,244. The covered payroll (annual payroll of active employees covered by the plan) was \$2,073,550, and ratio of the UAAL to the covered payroll was 130.56%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board's Non-Professional plan was 93.24% funded. The actuarial accrued liability for benefits was \$1,996,153, and the actuarial value of assets was \$1,861,218, resulting in an unfunded actuarial accrued liability (UAAL) of \$134,935. The covered payroll (annual payroll of active employees covered by the plan) was \$631,482, and ratio of the UAAL to the covered payroll was 21.37%.

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

Note 15 –Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gordon F. Erby, Clerk of the Circuit Court	\$ 150,000
Amona Currin, Treasurer	400,000
Patricia M. Adams, Commissioner of the Revenue	3,000
Arthur Townsend, Sheriff	30,000
Fidelity and Deposit Company of Maryland-Surety:	
Thomas Palmore, Clerk of the Board	10,000
Linda Brame, Clerk of Textbook Fund	10,000
Mary B. Leistra, Deputy Clerk of the Board	10,000
Dora Wynn, School Superintendent	10,000
All School Board Employees-blanket bond	2,500
Western Surety Company:	
Dorothy A. Newcomb, Director of Social Services	100,000
VA Risk Pool:	
All Social Services Employees-Blanket Bond	1,000,000

Note 16-Postemployment Benefits Other Than Pensions:

A. Plan Description

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

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

B. Funding Policy

The School Board's retirees pay 100% of the premiums. The Schools currently have 9 retirees on their plan.

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)*. The School Board has elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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COUNTY OF LUNENBURG, VIRGINIA

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

Note 16-Postemployment Benefits Other Than Pensions (Continued):

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

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the School Board's net OPEB obligation to the Retiree Health Plan:

		<u>SCHOOLS</u>
Annual required contribution	\$	69,200
Interest on net OPEB obligation		1,000
Adjustment to annual required contribution		(1,000)
Annual OPEB cost (expense)	\$	69,200
Estimated Contributions made		(55,200)
Increase in net OPEB obligation		14,000
Net OPEB obligation-beginning of year		34,420
Net OPEB obligation-end of year	\$	48,420

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and two preceding years were 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>
Schools:			
6/30/2010	\$ 71,500	94.41%	\$ 15,700
6/30/2011	67,020	72.07%	34,420
6/30/2012	69,200	79.77%	48,420

D. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$571,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,051,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.45%.

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

COUNTY OF LUNENBURG, VIRGINIA

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

Note 16-Postemployment Benefits Other Than Pensions (Continued):

E. Methods and Assumptions

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

F. Cost Method

In the January 1, 2011 actuarial valuation, the projected unit credit method with linear pro-rata to assumed benefit commencement was used.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females.

Coverage elections -The actuary assumed that 30% of eligible retirees who qualify will elect coverage.

Healthcare cost trend rate -Medical trend rates consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines* and actuarial judgment were used. These trend rates do not include the effects of changes in demographics of the covered group. Health Cost trend assumptions under the Getzen Trend model include a 6.40% rate graded to 4.70% over 80 years.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount rate of 4.0% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2011 was thirty years.

COUNTY OF LUNENBURG, VIRGINIA

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

Note 17-Other Post-Employment Benefits (OPEB):

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2012, 2011, and 2010 were \$49,020, \$48,537, and \$64,656, respectively and equaled the required contributions for each year.

Note 18-Lease Receivable:

During the fiscal year ended June 30, 2012, the Component Unit Industrial Development Authority (IDA) purchased and leased manufacturing equipment to Safety Technologies, Inc. (STI). The balance of the lease outstanding at June 30, 2012, including issuance costs, was \$712,830. The lease bears no interest and is payable through the fiscal year ended June 30, 2020. Upon the final payment by STI, title to the equipment transfers from the IDA to STI.

Note 19-The Virginia Tobacco Commission:

The equipment leased to STI by the component unit IDA was financed in part by a \$630,000 loan from the Virginia Tobacco Commission. The loan bears no interest and is due to the Virginia Tobacco Commission upon payoff of the equipment lease receivable by STI. In the event of default by STI, the IDA is responsible for principal paid to date by STI. The balance would be forgiven by the Virginia Tobacco Commission.

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
General property taxes	\$ 7,937,640	\$ 7,937,640	\$ 8,206,738	\$ 269,098
Other local taxes	643,400	643,400	781,842	138,442
Permits, privilege fees, and regulatory licenses	26,175	26,175	25,682	(493)
Fines and forfeitures	44,700	44,700	35,644	(9,056)
Revenue from the use of money and property	130,000	130,000	76,695	(53,305)
Charges for services	112,400	112,400	130,397	17,997
Miscellaneous	47,500	54,750	69,422	14,672
Recovered costs	17,000	17,000	41,436	24,436
Intergovernmental revenues:				
Commonwealth	3,705,128	3,756,832	4,092,432	335,600
Federal	495,000	495,000	562,290	67,290
Total revenues	<u>\$ 13,158,943</u>	<u>\$ 13,217,897</u>	<u>\$ 14,022,578</u>	<u>\$ 804,681</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,069,158	\$ 2,656,127	\$ 1,345,432	\$ 1,310,695
Judicial administration	644,150	644,150	607,878	36,272
Public safety	1,704,983	1,749,638	1,777,464	(27,826)
Public works	1,016,981	1,015,981	1,021,773	(5,792)
Health and welfare	1,975,028	1,975,028	2,518,865	(543,837)
Education	3,239,616	3,239,616	3,209,964	29,652
Community development	448,262	448,262	413,559	34,703
Capital projects	1,611,969	25,000	23,429	1,571
Debt service:				
Principal retirement	-	-	72,385	(72,385)
Interest and other fiscal charges	-	-	6,597	(6,597)
Total expenditures	<u>\$ 11,710,147</u>	<u>\$ 11,753,802</u>	<u>\$ 10,997,346</u>	<u>\$ 756,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,448,796</u>	<u>\$ 1,464,095</u>	<u>\$ 3,025,232</u>	<u>\$ 1,561,137</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 525	\$ 525
Transfers out	(1,547,087)	(1,562,095)	(1,494,930)	67,165
Issuance of capital leases	-	-	204,795	204,795
Total other financing sources (uses)	<u>\$ (1,547,087)</u>	<u>\$ (1,562,095)</u>	<u>\$ (1,289,610)</u>	<u>\$ 272,485</u>
Net change in fund balances	\$ (98,291)	\$ (98,000)	\$ 1,735,622	\$ 1,833,622
Fund balances - beginning	98,291	98,000	5,422,003	5,324,003
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,157,625</u>	<u>\$ 7,157,625</u>

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

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 158	\$ 158
Charges for services	31,000	31,000	30,067	(933)
Miscellaneous	-	-	37	37
Intergovernmental revenues:				
Commonwealth	839,080	839,080	1,136,008	296,928
Federal	-	-	25,000	25,000
Total revenues	<u>\$ 870,080</u>	<u>\$ 870,080</u>	<u>\$ 1,191,270</u>	<u>\$ 321,190</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Public safety	15,000	15,000	4,654	10,346
Community development	854,080	854,080	1,286,354	(432,274)
Total expenditures	<u>\$ 870,080</u>	<u>\$ 870,080</u>	<u>\$ 1,291,008</u>	<u>\$ (420,928)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,738)</u>	<u>\$ (99,738)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (525)	\$ (525)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (525)</u>	<u>\$ (525)</u>
Net change in fund balances	\$ -	\$ -	\$ (100,263)	\$ (100,263)
Fund balances - beginning	-	-	434,600	434,600
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,337</u>	<u>\$ 334,337</u>

County of Lunenburg, Virginia

Schedule of Pension Funding Progress

For the Year Ended June 30, 2012

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
County:						
6/30/2011	\$ 8,591,601	\$ 11,298,845	2,707,244	76.04%	\$ 2,073,550	130.56%
6/30/2010	8,476,586	10,960,885	2,484,299	77.33%	2,151,666	115.46%
6/30/2009	8,661,357	10,119,407	1,458,050	85.59%	2,295,316	63.52%
6/30/2008	8,597,453	9,808,123	1,210,670	87.66%	2,305,173	52.52%
6/30/2007	7,803,838	8,694,484	890,646	89.76%	2,484,267	35.85%
6/30/2006	6,937,067	6,824,870	(112,197)	101.64%	1,989,633	-5.64%
6/30/2005	6,444,066	6,921,374	477,308	93.10%	1,904,059	25.07%
6/30/2004	6,207,632	5,860,399	(347,233)	105.93%	2,022,227	-17.17%
6/30/2003	6,061,282	5,587,357	(473,925)	108.48%	1,968,288	-24.08%
6/30/2002	5,946,521	5,128,269	(818,252)	115.96%	1,968,318	-41.57%
School Board Non-Professionals:						
6/30/2011	\$ 1,861,218	\$ 1,996,153	134,935	93.24%	\$ 631,482	21.37%
6/30/2010	1,819,679	2,037,276	217,597	89.32%	676,124	32.18%
6/30/2009	1,788,680	1,838,302	49,622	97.30%	697,500	7.11%
6/30/2008	1,806,988	1,835,642	28,654	98.44%	724,927	3.95%
6/30/2007	1,608,962	1,613,978	5,016	99.69%	709,429	0.71%
6/30/2006	1,391,349	1,460,314	68,965	95.28%	676,728	10.19%
6/30/2005	1,271,916	1,372,535	100,619	92.67%	651,643	15.44%
6/30/2004	1,257,074	1,205,371	(51,703)	104.29%	644,622	-8.02%
6/30/2003	1,206,800	1,082,201	(124,599)	111.51%	592,662	-21.02%
6/30/2002	1,164,546	1,003,382	(161,164)	116.06%	599,933	-26.86%

County of Lunenburg, Virginia
Schedule of Funding Progress - Retiree Healthcare Plan
For the Year Ended June 30, 2012

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Payroll ((b-a)/c)
School Board:						
1/1/2011	-	571,600	571,600	0.00%	6,051,700	9.45%
1/1/2009	\$ -	\$ 648,500	\$ 648,500	0.00%	\$ 6,281,700	10.32%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND
SCHEDULES*

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental revenues:				
Lunenburg School Board	\$ -	\$ 85,162	\$ 390,162	\$ 305,000
Federal	-	-	103,547	103,547
Total revenues	<u>\$ -</u>	<u>\$ 85,162</u>	<u>\$ 493,709</u>	<u>\$ 408,547</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,547,087	\$ 7,188,574	\$ 6,415,366	\$ 773,208
Interest and other fiscal charges	-	30,683	860,273	(829,590)
Total expenditures	<u>\$ 1,547,087</u>	<u>\$ 7,219,257</u>	<u>\$ 7,275,639</u>	<u>\$ (56,382)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,547,087)</u>	<u>\$ (7,134,095)</u>	<u>\$ (6,781,930)</u>	<u>\$ 352,165</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,547,087	\$ 1,547,095	\$ 1,494,930	\$ (52,165)
Issuance of debt	-	5,587,000	5,587,000	-
Total other financing sources (uses)	<u>\$ 1,547,087</u>	<u>\$ 7,134,095</u>	<u>\$ 7,081,930</u>	<u>\$ (52,165)</u>
Net change in fund balances	\$ -	\$ -	\$ 300,000	\$ 300,000
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

County of Lunenburg, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 15,135	\$ -	\$ 4,440	\$ 4,440
Intergovernmental revenues:				
Commonwealth	305,000	-	-	-
Total revenues	<u>\$ 320,135</u>	<u>\$ -</u>	<u>\$ 4,440</u>	<u>\$ 4,440</u>
EXPENDITURES				
Capital projects	\$ 335,135	\$ 1,170,000	\$ 1,342,405	\$ (172,405)
Debt service:				
Interest and other fiscal charges	-	5,384	5,384	-
Total expenditures	<u>\$ 335,135</u>	<u>\$ 1,175,384</u>	<u>\$ 1,347,789</u>	<u>\$ (172,405)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,000)</u>	<u>\$ (1,175,384)</u>	<u>\$ (1,343,349)</u>	<u>\$ (167,965)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Issuance of debt	-	5,384	2,100,000	2,094,616
Total other financing sources (uses)	<u>\$ 15,000</u>	<u>\$ 20,384</u>	<u>\$ 2,100,000</u>	<u>\$ 2,079,616</u>
Net change in fund balances	\$ -	\$ (1,155,000)	\$ 756,651	\$ 1,911,651
Fund balances - beginning	-	1,155,000	1,162,492	7,492
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,919,143</u>	<u>\$ 1,919,143</u>

County of Lunenburg, Virginia

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 5,151	\$ 26,066	\$ 25,153	\$ 6,064
Liabilities:				
Amounts held for social services clients	\$ 5,151	\$ 26,066	\$ 25,153	\$ 6,064
Cell Tower Escrow:				
Assets:				
Cash and cash equivalents	\$ -	\$ 8,500	\$ 7,680	\$ 820
Liabilities:				
Reconciled overdraft payable	\$ 8,160	\$ -	\$ 8,160	\$ -
Amounts held for others	(8,160)	8,500	(480)	820
Total liabilities	\$ -	\$ 8,500	\$ 7,680	\$ 820
Totals -- All Agency Funds				
Assets:				
Cash	\$ 5,151	\$ 34,566	\$ 32,833	\$ 6,884
Total assets	\$ 5,151	\$ 34,566	\$ 32,833	\$ 6,884
Liabilities:				
Amounts held for others	\$ (8,160)	\$ 8,500	\$ (480)	\$ 820
Reconciled overdraft payable	8,160	-	8,160	-
Amounts held for social services clients	5,151	26,066	25,153	6,064
Total liabilities	\$ 5,151	\$ 34,566	\$ 32,833	\$ 6,884

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Lunenburg, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2012

	<u>School Operating Fund</u>	<u>School Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 437,658	\$ 437,658
Receivables (net of allowance for uncollectibles):			
Accounts receivable	38,405	5,980	44,385
Due from other funds	-	54,432	54,432
Due from other governmental units	398,487	-	398,487
Total assets	<u>\$ 436,892</u>	<u>\$ 498,070</u>	<u>\$ 934,962</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 63,936	\$ -	\$ 63,936
Due to other funds	54,432	-	54,432
Due to other governmental units	318,524	-	318,524
Total liabilities	<u>\$ 436,892</u>	<u>\$ -</u>	<u>\$ 436,892</u>
Fund balances:			
Assigned	\$ -	\$ 498,070	\$ 498,070
Total fund balances	<u>\$ -</u>	<u>\$ 498,070</u>	<u>\$ 498,070</u>
Total liabilities and fund balances	<u>\$ 436,892</u>	<u>\$ 498,070</u>	<u>\$ 934,962</u>

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

Total fund balances per above	\$ 498,070
-------------------------------	------------

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

Capital assets, cost	\$ 8,348,314	
Accumulated depreciation	<u>(4,054,332)</u>	4,293,982

Long-term liabilities, including OPEB liability, are not due and payable in the current period and, therefore, are not reported in the funds.	(48,420)
---	----------

Net assets of governmental activities	<u>\$ 4,743,632</u>
---------------------------------------	---------------------

County of Lunenburg, Virginia
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 Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 816	\$ 816
Charges for services	239,562	253,842	493,404
Intergovernmental revenues:			
Local government	3,209,964	-	3,209,964
Commonwealth	10,065,513	-	10,065,513
Federal	3,597,981	45,196	3,643,177
Total revenues	<u>\$ 17,113,020</u>	<u>\$ 299,854</u>	<u>\$ 17,412,874</u>
EXPENDITURES			
Current:			
Education	\$ 16,385,942	\$ 982,048	\$ 17,367,990
Total expenditures	<u>\$ 16,385,942</u>	<u>\$ 982,048</u>	<u>\$ 17,367,990</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 727,078	\$ (682,194)	\$ 44,884
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 727,078	\$ 727,078
Transfers out	(727,078)	-	(727,078)
Total other financing sources and uses	<u>\$ (727,078)</u>	<u>\$ 727,078</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 44,884	\$ 44,884
Fund balances - beginning	-	453,186	453,186
Fund balances - ending	<u>\$ -</u>	<u>\$ 498,070</u>	<u>\$ 498,070</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 \$ 44,884

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.

Transfer of joint tenancy assets	\$ 421,969	
Depreciation expense	<u>(306,105)</u>	115,864

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. (14,000)

Change in net assets of governmental activities \$ 146,748

County of Lunenburg, 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			School Special Revenue Fund		
	Budgeted Amounts		Variance with	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)	Original	Final	Final Budget Positive (Negative)
REVENUES						
Revenue from the use of money and property	\$ 100	\$ 100	\$ -	\$ -	\$ -	\$ 816
Charges for services	2,000	2,000	239,562	283,084	483,084	(229,242)
Miscellaneous	71,550	71,551	(71,551)	-	-	-
Intergovernmental revenues:						
Local government	3,239,616	3,239,616	(29,652)	-	-	-
Commonwealth	9,917,977	9,917,976	147,537	-	-	-
Federal	3,296,173	3,925,740	(327,759)	-	45,196	-
Total revenues	\$ 16,527,416	\$ 17,156,983	\$ (43,963)	\$ 283,084	\$ 528,280	\$ (228,426)
EXPENDITURES						
Current:						
Education	\$ 15,908,826	\$ 16,528,393	\$ 142,451	\$ 901,674	\$ 1,156,870	\$ 174,822
Total expenditures	\$ 15,908,826	\$ 16,528,393	\$ 142,451	\$ 901,674	\$ 1,156,870	\$ 174,822
Excess (deficiency) of revenues over (under) expenditures	\$ 618,590	\$ 628,590	\$ 98,488	\$ (618,590)	\$ (628,590)	\$ (53,604)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ -	\$ -	\$ 618,590	\$ 628,590	\$ 98,488
Transfers out	(618,590)	(628,590)	(98,488)	-	-	-
Total other financing sources (uses)	\$ (618,590)	\$ (628,590)	\$ (98,488)	\$ 618,590	\$ 628,590	\$ 98,488
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,884
Fund balances - beginning	-	-	-	-	-	453,186
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ 498,070	\$ 498,070

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Lunenburg, Virginia
Statement of Net Assets
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2012

ASSETS

Current assets:

Cash and cash equivalents	\$ 20,591
Leases receivable - current portion	37,998
Total current assets	<u>\$ 58,589</u>

Noncurrent assets:

Leases receivable - noncurrent portion	\$ 674,832
Total assets	<u>\$ 733,421</u>

LIABILITIES

Noncurrent liabilities:

Amount due Virginia Tobacco Commission	<u>\$ 630,000</u>
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NET ASSETS

Unrestricted	<u><u>\$ 103,421</u></u>
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County of Lunenburg, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2012

OPERATING REVENUES

Lease revenue	\$ 6,414
Contributions from local government	285,874
Miscellaneous	2,831
Total operating revenues	<u>\$ 295,119</u>

OPERATING EXPENSES

Tax incentives	\$ 58,808
Economic development incentives	160,000
Total operating expenses	<u>\$ 218,808</u>

Operating income (loss)	<u>\$ 76,311</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Investment earnings	<u>\$ 70</u>
---------------------	--------------

Change in net assets	\$ 76,381
----------------------	-----------

Total net assets - beginning	27,040
Total net assets - ending	<u><u>\$ 103,421</u></u>

County of Lunenburg, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 295,119
Payments for operating activities	(218,808)
Net cash provided by (used for) operating activities	<u>\$ 76,311</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from issuance of loan	<u>\$ 630,000</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ 70
Principal payments on loan receivable	3,166
Issuance of loan receivable	(715,996)
Net cash provided by (used for) investing activities	<u>\$ (712,760)</u>

Net increase (decrease) in cash and cash equivalents	\$ (6,449)
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Cash and cash equivalents - beginning	<u>27,040</u>
Cash and cash equivalents - ending	<u><u>\$ 20,591</u></u>

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SUPPORTING SCHEDULES

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County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,665,875	\$ 4,665,875	\$ 4,808,447	\$ 142,572
Real and personal public service corporation taxes	115,000	115,000	221,156	106,156
Personal property taxes	3,155,765	3,155,765	2,852,663	(303,102)
Mobile home taxes	-	-	15,828	15,828
Machinery and tools taxes	-	-	134,825	134,825
Merchant's capital taxes	-	-	35,922	35,922
Penalties	-	-	89,883	89,883
Interest	1,000	1,000	48,014	47,014
Total general property taxes	<u>\$ 7,937,640</u>	<u>\$ 7,937,640</u>	<u>\$ 8,206,738</u>	<u>\$ 269,098</u>
Other local taxes:				
Local sales and use taxes	\$ 390,000	\$ 390,000	\$ 299,353	\$ (90,647)
Utility taxes	205,000	205,000	169,120	(35,880)
Consumption tax	-	-	21,980	21,980
Motor vehicle licenses	-	-	254,400	254,400
Taxes on recordation and wills	48,400	48,400	36,989	(11,411)
Total other local taxes	<u>\$ 643,400</u>	<u>\$ 643,400</u>	<u>\$ 781,842</u>	<u>\$ 138,442</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 7,500	\$ (500)
Transfer fees	375	375	384	9
Permits and other licenses	17,800	17,800	17,798	(2)
Total permits, privilege fees, and regulatory licenses	<u>\$ 26,175</u>	<u>\$ 26,175</u>	<u>\$ 25,682</u>	<u>\$ (493)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 44,700	\$ 44,700	\$ 35,644	\$ (9,056)
Total fines and forfeitures	<u>\$ 44,700</u>	<u>\$ 44,700</u>	<u>\$ 35,644</u>	<u>\$ (9,056)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 90,000	\$ 90,000	\$ 40,804	\$ (49,196)
Revenue from use of property	40,000	40,000	35,891	(4,109)
Total revenue from use of money and property	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 76,695</u>	<u>\$ (53,305)</u>
Charges for services:				
Excess fees of clerk	\$ -	\$ -	\$ 4,688	\$ 4,688
Sheriff's fees	500	500	646	146
Courthouse security fees	10,500	10,500	17,448	6,948
Law library fees	1,000	1,000	-	(1,000)
Landfill fees	100,000	100,000	103,070	3,070
Charges for Commonwealth's Attorney	400	400	1,127	727
Charges for correction and detention	-	-	1,278	1,278
Document reproduction costs	-	-	2,140	2,140
Total charges for services	<u>\$ 112,400</u>	<u>\$ 112,400</u>	<u>\$ 130,397</u>	<u>\$ 17,997</u>
Miscellaneous revenue:				
Miscellaneous	\$ 47,500	\$ 54,750	\$ 69,422	\$ 14,672
Total miscellaneous revenue	<u>\$ 47,500</u>	<u>\$ 54,750</u>	<u>\$ 69,422</u>	<u>\$ 14,672</u>
Recovered costs:				
Piedmont Regional Jail	\$ 17,000	\$ 17,000	\$ 6,925	\$ (10,075)
School resource officer	-	-	34,511	34,511
Total recovered costs	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 41,436</u>	<u>\$ 24,436</u>
Total revenue from local sources	<u>\$ 8,958,815</u>	<u>\$ 8,966,065</u>	<u>\$ 9,367,856</u>	<u>\$ 401,791</u>

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 45,587	\$ 45,587	\$ 210,622	\$ 165,035
Mobile home titling tax	18,000	18,000	15,895	(2,105)
Rolling stock tax	5,000	5,000	-	(5,000)
Recordation tax	10,000	10,000	6,505	(3,495)
Auto rental tax	100	100	-	(100)
Personal property tax relief funds	1,048,000	1,048,000	1,048,232	232
Total noncategorical aid	\$ 1,126,687	\$ 1,126,687	\$ 1,281,254	\$ 154,567
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 204,693	\$ 204,693	\$ 183,364	\$ (21,329)
Sheriff	671,290	671,290	637,212	(34,078)
Commissioner of revenue	73,454	73,454	70,332	(3,122)
Treasurer	71,953	71,953	73,087	1,134
Registrar/electoral board	43,000	43,000	41,710	(1,290)
Clerk of the Circuit Court	176,981	181,966	170,330	(11,636)
Total shared expenses	\$ 1,241,371	\$ 1,246,356	\$ 1,176,035	\$ (70,321)
Other categorical aid:				
Public assistance and welfare administration	\$ 450,000	\$ 450,000	\$ 343,712	\$ (106,288)
Anti-drug grant	4,500	4,500	-	(4,500)
SRO grant	10,000	10,000	-	(10,000)
Animal friendly plates	150	150	77	(73)
Comprehensive services act	606,000	606,000	1,159,771	553,771
Law enforcement grant	-	-	3,464	3,464
Emergency medical services	-	-	11,751	11,751
Victim-witness grant	37,420	36,734	37,376	642
Criminal justice technology grant	-	47,405	-	(47,405)
E-911 wireless	185,000	185,000	41,456	(143,544)
Fire programs fund	38,000	38,000	26,551	(11,449)
Litter control	6,000	6,000	6,000	-
Library of Virginia	-	-	4,985	4,985
Total other categorical aid	\$ 1,337,070	\$ 1,383,789	\$ 1,635,143	\$ 251,354
Total categorical aid	\$ 2,578,441	\$ 2,630,145	\$ 2,811,178	\$ 181,033
Total revenue from the Commonwealth	\$ 3,705,128	\$ 3,756,832	\$ 4,092,432	\$ 335,600
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 450,000	\$ 450,000	\$ 489,003	\$ 39,003
Byrne JAG funds	-	-	47,405	47,405
FEMA/Homeland Security grants	45,000	45,000	18,536	(26,464)
Transportation safety grant	-	-	7,346	7,346
Total categorical aid	\$ 495,000	\$ 495,000	\$ 562,290	\$ 67,290
Total revenue from the federal government	\$ 495,000	\$ 495,000	\$ 562,290	\$ 67,290
Total General Fund	\$ 13,158,943	\$ 13,217,897	\$ 14,022,578	\$ 804,681

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 158	\$ 158
Total revenue from use of money and property	\$ -	\$ -	\$ 158	\$ 158
Charges for services:				
Law Library	\$ 1,000	\$ 1,000	\$ 1,122	\$ 122
Aviation fees	30,000	30,000	28,945	(1,055)
Total charges for services	\$ 31,000	\$ 31,000	\$ 30,067	\$ (933)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 37	\$ 37
Total miscellaneous revenue	\$ -	\$ -	\$ 37	\$ 37
Total revenue from local sources	\$ 31,000	\$ 31,000	\$ 30,262	\$ (738)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Aviation fees	\$ -	\$ -	\$ 6,297	\$ 6,297
Tobacco funds	824,080	824,080	1,029,412	205,332
Governor's Opportunity funds	-	-	100,000	100,000
Forfeited assets	15,000	15,000	299	(14,701)
Total categorical aid	\$ 839,080	\$ 839,080	\$ 1,136,008	\$ 296,928
Total revenue from the Commonwealth	\$ 839,080	\$ 839,080	\$ 1,136,008	\$ 296,928
Revenue from the federal government:				
Categorical aid:				
CDBG	\$ -	\$ -	\$ 25,000	\$ 25,000
Total categorical aid	\$ -	\$ -	\$ 25,000	\$ 25,000
Total revenue from the federal government	\$ -	\$ -	\$ 25,000	\$ 25,000
Total County Special Revenue Fund	\$ 870,080	\$ 870,080	\$ 1,191,270	\$ 321,190
Debt Service Fund:				
County Debt Service Fund:				
Intergovernmental revenue:				
Revenues from local governments:				
Contribution from Lunenburg School Board	\$ -	\$ 85,162	\$ 390,162	\$ 305,000
Total revenues from local governments	\$ -	\$ 85,162	\$ 390,162	\$ 305,000
Revenue from the federal government:				
Categorical aid:				
QZAB subsidy	\$ -	\$ -	\$ 103,547	\$ 103,547
Total categorical aid	\$ -	\$ -	\$ 103,547	\$ 103,547
Total revenue from the federal government	\$ -	\$ -	\$ 103,547	\$ 103,547
Total County Debt Service Fund	\$ -	\$ 85,162	\$ 493,709	\$ 408,547

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 15,135	\$ -	\$ 4,440	\$ 4,440
Total revenue from use of money and property	\$ 15,135	\$ -	\$ 4,440	\$ 4,440
Total revenue from local sources	\$ 15,135	\$ -	\$ 4,440	\$ 4,440
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School construction funds	\$ 305,000	\$ -	\$ -	\$ -
Total categorical aid	\$ 305,000	\$ -	\$ -	\$ -
Total revenue from the Commonwealth	\$ 305,000	\$ -	\$ -	\$ -
Total County Capital Projects Fund	\$ 320,135	\$ -	\$ 4,440	\$ 4,440
Total Primary Government	\$ 14,349,158	\$ 14,173,139	\$ 15,711,997	\$ 1,538,858
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 100	\$ 100	\$ -	\$ (100)
Total revenue from use of money and property	\$ 100	\$ 100	\$ -	\$ (100)
Charges for services:				
Charges for education	\$ 2,000	\$ 2,000	\$ 239,562	\$ 237,562
Total charges for services	\$ 2,000	\$ 2,000	\$ 239,562	\$ 237,562
Miscellaneous revenue:				
Miscellaneous	\$ 71,550	\$ 71,551	\$ -	\$ (71,551)
Total miscellaneous revenue	\$ 71,550	\$ 71,551	\$ -	\$ (71,551)
Total revenue from local sources	\$ 73,650	\$ 73,651	\$ 239,562	\$ 165,911
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Lunenburg, Virginia	\$ 3,239,616	\$ 3,239,616	\$ 3,209,964	\$ (29,652)
Total revenues from local governments	\$ 3,239,616	\$ 3,239,616	\$ 3,209,964	\$ (29,652)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,596,610	\$ 1,596,610	\$ 1,606,114	\$ 9,504
Basic school aid	5,198,233	5,198,232	5,145,183	(53,049)
Remedial summer education	85,255	85,255	77,152	(8,103)
Regular foster care	-	-	2,397	2,397
Gifted and talented	53,513	53,513	53,114	(399)
Remedial education	247,350	247,350	245,507	(1,843)
Special education	686,159	686,159	681,046	(5,113)
Textbook payment	48,233	48,233	47,874	(359)
Virtual advanced placement	-	-	869	869
GED funding	-	-	7,859	7,859
Vocational education	233,086	233,086	225,442	(7,644)
School fringes	642,159	642,159	637,374	(4,785)
Educational Technology	154,000	154,000	-	(154,000)
Early reading intervention	30,383	30,383	28,046	(2,337)

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<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)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
School food program	\$ 18,782	\$ 18,782	\$ 16,342	\$ (2,440)
Homebound	18,244	18,244	48,275	30,031
Supplemental support for schools	154,142	154,142	154,000	(142)
Vocational education - equipment	-	-	4,352	4,352
Adult education	10,613	10,613	-	(10,613)
Mentor teacher program	1,347	1,347	2,968	1,621
At risk payments	334,016	334,016	331,566	(2,450)
Technology refunds	25,000	25,000	-	(25,000)
Primary class size	311,510	311,510	317,661	6,151
Standards of Learning algebra readiness	28,743	28,743	31,081	2,338
Tobacco settlement	19,000	19,000	-	(19,000)
Occupation preparation	-	-	2,204	2,204
Preschool initiative	-	-	221,530	221,530
School construction	-	-	152,993	152,993
English as a second language	21,599	21,599	24,564	2,965
Total categorical aid	\$ 9,917,977	\$ 9,917,976	\$ 10,065,513	\$ 147,537
Total revenue from the Commonwealth	\$ 9,917,977	\$ 9,917,976	\$ 10,065,513	\$ 147,537
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 603,208	\$ 603,208	\$ 628,744	\$ 25,536
Title I	843,664	923,976	889,622	(34,354)
Title I, ARRA	85,500	85,500	84,317	(1,183)
Drug free schools	6,000	6,000	-	(6,000)
Title VI-Rural	39,580	39,580	32,700	(6,880)
Title VIB	418,530	418,530	423,688	5,158
Title VIB, ARRA	103,138	199,361	199,361	-
Preschool grant	221,530	221,530	-	(221,530)
Preschool special education	12,385	12,385	17,931	5,546
21st century learning grant	100,000	438,187	402,155	(36,032)
Title II, part a-teacher quality	129,000	173,845	149,126	(24,719)
Education technology state grants	5,571	5,571	-	(5,571)
Education jobs	-	-	460,299	460,299
Language acquisition	5,731	5,731	-	(5,731)
Carl Perkins Grant	41,765	41,765	31,682	(10,083)
State fiscal stabilization funds	680,571	680,571	227,011	(453,560)
JROTC	-	70,000	51,345	(18,655)
Total categorical aid	\$ 3,296,173	\$ 3,925,740	\$ 3,597,981	\$ (327,759)
Total revenue from the federal government	\$ 3,296,173	\$ 3,925,740	\$ 3,597,981	\$ (327,759)
Total School Operating Fund	\$ 16,527,416	\$ 17,156,983	\$ 17,113,020	\$ (43,963)

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 816	\$ 816
Total revenue from use of money and property	\$ -	\$ -	\$ 816	\$ 816
Charges for services:				
Cafeteria sales	\$ 283,084	\$ 283,084	\$ 253,091	\$ (29,993)
Textbook fees	-	200,000	751	(199,249)
Total charges for services	\$ 283,084	\$ 483,084	\$ 253,842	\$ (229,242)
Total revenue from local sources	\$ 283,084	\$ 483,084	\$ 254,658	\$ (228,426)
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 45,196	\$ 45,196	\$ -
Total categorical aid	\$ -	\$ 45,196	\$ 45,196	\$ -
Total revenue from the federal government	\$ -	\$ 45,196	\$ 45,196	\$ -
Total School Special Revenue Fund	\$ 283,084	\$ 528,280	\$ 299,854	\$ (228,426)
Total Discretely Presented Component Unit - School Board	\$ 16,810,500	\$ 17,685,263	\$ 17,412,874	\$ (272,389)

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

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 46,120	\$ 46,120	\$ 46,193	\$ (73)
General and financial administration:				
County administrator	\$ 210,010	\$ 210,010	\$ 191,879	\$ 18,131
Professional services	95,000	95,000	165,867	(70,867)
Commissioner of revenue	190,308	190,308	188,065	2,243
Treasurer	220,387	220,387	212,411	7,976
Other general and financial administration	212,000	1,798,969	433,757	1,365,212
Total general and financial administration	\$ 927,705	\$ 2,514,674	\$ 1,191,979	\$ 1,322,695
Board of elections:				
Electoral board and officials	\$ 23,413	\$ 23,413	\$ 24,015	\$ (602)
Voting machine	5,000	5,000	11,479	(6,479)
Registrar	66,920	66,920	71,766	(4,846)
Total board of elections	\$ 95,333	\$ 95,333	\$ 107,260	\$ (11,927)
Total general government administration	\$ 1,069,158	\$ 2,656,127	\$ 1,345,432	\$ 1,310,695
Judicial administration:				
Courts:				
Circuit court	\$ 17,107	\$ 17,107	\$ 17,591	\$ (484)
General district court	6,950	5,550	7,294	(1,744)
Special Magistrates	1,290	1,290	1,414	(124)
Juvenile and domestic relations court	48,900	48,900	37,312	11,588
Victim witness	37,420	37,420	37,454	(34)
Sheriff	12,918	14,318	13,993	325
Clerk of the circuit court	267,320	267,320	261,864	5,456
Total courts	\$ 391,905	\$ 391,905	\$ 376,922	\$ 14,983
Commonwealth's attorney:				
Commonwealth's attorney	\$ 252,245	\$ 252,245	\$ 230,956	\$ 21,289
Total commonwealth's attorney	\$ 252,245	\$ 252,245	\$ 230,956	\$ 21,289
Total judicial administration	\$ 644,150	\$ 644,150	\$ 607,878	\$ 36,272
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,110,138	\$ 1,154,793	\$ 1,128,148	\$ 26,645
Total law enforcement and traffic control	\$ 1,110,138	\$ 1,154,793	\$ 1,128,148	\$ 26,645
Fire and rescue services:				
Fire department	\$ 304,705	\$ 304,705	\$ 300,963	\$ 3,742
Total fire and rescue services	\$ 304,705	\$ 304,705	\$ 300,963	\$ 3,742
Correction and detention:				
Payments to Regional Jail	\$ 21,000	\$ 21,000	\$ 18,826	\$ 2,174
Total correction and detention	\$ 21,000	\$ 21,000	\$ 18,826	\$ 2,174
Inspections:				
Building	\$ 81,885	\$ 81,885	\$ 79,614	\$ 2,271
Total inspections	\$ 81,885	\$ 81,885	\$ 79,614	\$ 2,271

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

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 56,468	\$ 56,468	\$ 65,201	\$ (8,733)
E-911	130,587	130,587	184,632	(54,045)
Medical examiner	200	200	80	120
Total other protection	<u>\$ 187,255</u>	<u>\$ 187,255</u>	<u>\$ 249,913</u>	<u>\$ (62,658)</u>
Total public safety	<u>\$ 1,704,983</u>	<u>\$ 1,749,638</u>	<u>\$ 1,777,464</u>	<u>\$ (27,826)</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 372,604	\$ 371,604	\$ 494,192	\$ (122,588)
Convenience sites	415,198	415,198	280,689	134,509
Total sanitation and waste removal	<u>\$ 787,802</u>	<u>\$ 786,802</u>	<u>\$ 774,881</u>	<u>\$ 11,921</u>
Maintenance of general buildings and grounds:				
General properties	\$ 229,179	\$ 229,179	\$ 246,892	\$ (17,713)
Total maintenance of general buildings and grounds	<u>\$ 229,179</u>	<u>\$ 229,179</u>	<u>\$ 246,892</u>	<u>\$ (17,713)</u>
Total public works	<u>\$ 1,016,981</u>	<u>\$ 1,015,981</u>	<u>\$ 1,021,773</u>	<u>\$ (5,792)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 90,172	\$ 90,172	\$ 86,362	\$ 3,810
Total health	<u>\$ 90,172</u>	<u>\$ 90,172</u>	<u>\$ 86,362</u>	<u>\$ 3,810</u>
Mental health and mental retardation:				
Crossroads Board	\$ 51,000	\$ 51,000	\$ 51,000	\$ -
Total mental health and mental retardation	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,040,720	\$ 1,040,720	\$ 971,334	\$ 69,386
Comprehensive services act	756,000	756,000	1,373,033	(617,033)
Other Social Services	37,136	37,136	37,136	-
Total welfare	<u>\$ 1,833,856</u>	<u>\$ 1,833,856</u>	<u>\$ 2,381,503</u>	<u>\$ (547,647)</u>
Total health and welfare	<u>\$ 1,975,028</u>	<u>\$ 1,975,028</u>	<u>\$ 2,518,865</u>	<u>\$ (543,837)</u>
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 3,239,616	\$ 3,239,616	\$ 3,209,964	\$ 29,652
Total education	<u>\$ 3,239,616</u>	<u>\$ 3,239,616</u>	<u>\$ 3,209,964</u>	<u>\$ 29,652</u>
Community development:				
Planning and community development:				
Planning and community development	\$ 320,228	\$ 320,228	\$ 310,499	\$ 9,729
Contribution to IDA - tax incentives	61,205	61,205	55,874	5,331
Total planning and community development	<u>\$ 381,433</u>	<u>\$ 381,433</u>	<u>\$ 366,373</u>	<u>\$ 15,060</u>

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

Schedule 2
Page 3 of 4

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 66,829	\$ 66,829	\$ 47,186	\$ 19,643
Total cooperative extension program	\$ 66,829	\$ 66,829	\$ 47,186	\$ 19,643
Total community development	\$ 448,262	\$ 448,262	\$ 413,559	\$ 34,703
Capital projects:				
Capital improvements	\$ 1,611,969	\$ 25,000	\$ 23,429	\$ 1,571
Total capital projects	\$ 1,611,969	\$ 25,000	\$ 23,429	\$ 1,571
Debt service:				
Principal retirement	\$ -	\$ -	\$ 72,385	\$ (72,385)
Interest and other fiscal charges	-	-	6,597	(6,597)
Total debt service	\$ -	\$ -	\$ 78,982	\$ (78,982)
Total General Fund	\$ 11,710,147	\$ 11,753,802	\$ 10,997,346	\$ 756,456
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial Administration:				
Law Library	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total judicial administration	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Public Safety:				
Sheriff:				
Asset forfeiture	\$ 15,000	\$ 15,000	\$ 4,654	\$ 10,346
Total Sheriff	\$ 15,000	\$ 15,000	\$ 4,654	\$ 10,346
Total public safety	\$ 15,000	\$ 15,000	\$ 4,654	\$ 10,346
Community Development:				
Airport	\$ 30,000	\$ 30,000	\$ 36,105	\$ (6,105)
Contribution to IDA from Tobacco Grant	-	-	230,000	\$ (230,000)
Other Tobacco grant	824,080	824,080	1,020,249	(196,169)
Total community development	\$ 854,080	\$ 854,080	\$ 1,286,354	\$ (432,274)
Total County Special Revenue Fund	\$ 870,080	\$ 870,080	\$ 1,291,008	\$ (420,928)
Debt Service Fund:				
County Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,547,087	\$ 7,188,574	\$ 6,415,366	\$ 773,208
Interest and other fiscal charges	-	30,683	860,273	(829,590)
Total debt service	\$ 1,547,087	\$ 7,219,257	\$ 7,275,639	\$ (56,382)
Total County Debt Service Fund	\$ 1,547,087	\$ 7,219,257	\$ 7,275,639	\$ (56,382)

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

Schedule 2
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
School capital projects	320,135	1,155,000	1,342,405	(187,405)
Total capital projects	<u>\$ 335,135</u>	<u>\$ 1,170,000</u>	<u>\$ 1,342,405</u>	<u>\$ (172,405)</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ 5,384	\$ 5,384	\$ -
Total debt service	<u>\$ -</u>	<u>\$ 5,384</u>	<u>\$ 5,384</u>	<u>\$ -</u>
Total County Capital Projects Fund	<u>\$ 335,135</u>	<u>\$ 1,175,384</u>	<u>\$ 1,347,789</u>	<u>\$ (172,405)</u>
Total Primary Government	<u>\$ 14,462,449</u>	<u>\$ 21,018,523</u>	<u>\$ 20,911,782</u>	<u>\$ 106,741</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 805,700	\$ 765,700	\$ 754,550	\$ 11,150
Instruction costs	11,804,911	12,679,478	12,564,726	114,752
Pupil transportation	1,235,566	1,235,566	1,231,868	3,698
Operation and maintenance of school plant	1,672,487	1,457,487	1,444,636	12,851
Contribution to County of Lunenburg, Virginia	390,162	390,162	390,162	-
Total education	<u>\$ 15,908,826</u>	<u>\$ 16,528,393</u>	<u>\$ 16,385,942</u>	<u>\$ 142,451</u>
Total School Operating Fund	<u>\$ 15,908,826</u>	<u>\$ 16,528,393</u>	<u>\$ 16,385,942</u>	<u>\$ 142,451</u>
School Special Revenue Fund:				
Education:				
Textbooks purchased	\$ -	\$ 200,000	\$ 31,360	\$ 168,640
Administration of school food program	901,674	911,674	905,492	6,182
Commodities	-	45,196	45,196	-
Total school food services	<u>\$ 901,674</u>	<u>\$ 1,156,870</u>	<u>\$ 982,048</u>	<u>\$ 174,822</u>
Total education	<u>\$ 901,674</u>	<u>\$ 1,156,870</u>	<u>\$ 982,048</u>	<u>\$ 174,822</u>
Total School Special Revenue Fund	<u>\$ 901,674</u>	<u>\$ 1,156,870</u>	<u>\$ 982,048</u>	<u>\$ 174,822</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 16,810,500</u>	<u>\$ 17,685,263</u>	<u>\$ 17,367,990</u>	<u>\$ 317,273</u>

OTHER STATISTICAL TABLES

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Table 1

County of Lunenburg, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2003	\$ 1,118,388	\$ 433,754	\$ 1,243,903	\$ 654,717	\$ 4,586,753	\$ 4,271,854	\$ -	\$ 425,454	\$ 207,527	\$ 12,942,350
2004	856,745	477,155	1,333,319	850,686	4,330,538	515,230	-	426,708	667,045	9,457,426
2005	821,357	301,582	1,402,678	643,099	1,678,087	5,099,231	-	229,148	897,251	11,072,433
2006	872,726	552,728	1,539,548	691,477	1,424,581	5,193,378	-	717,798	1,115,450	12,107,686
2007	1,047,248	749,998	1,548,950	57,215	1,629,418	3,762,143	138,242	486,207	815,530	10,234,951
2008	1,267,311	788,780	1,589,530	1,066,336	2,139,340	3,722,611	-	1,178,275	743,397	12,495,580
2009	1,060,810	1,012,121	1,680,314	1,813,739	2,345,844	3,343,586	-	1,150,648	706,413	13,113,475
2010	1,158,659	770,596	1,851,410	1,434,191	2,058,065	3,622,849	133,242	487,960	677,615	12,194,587
2011	993,543	786,302	1,796,683	1,349,351	2,426,380	3,687,691	138,749	408,819	705,728	12,293,246
2012	1,202,736	842,594	1,855,943	1,490,600	2,530,373	3,853,703	-	833,964	808,152	13,418,065

Table 2

County of Lunenburg, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	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	Total
2003	\$ 173,436	\$ 5,405,744	\$ 83,606	\$	\$ 3,612,986	\$ 961,145	\$ 558,334	\$ 50,707	\$ 1,087,262	\$ 11,933,220
2004	275,220	6,001,724	-		3,762,956	1,001,498	321,493	187,169	1,193,145	12,743,205
2005	205,685	2,483,908	-		3,925,402	1,068,937	298,052	91,906	1,495,288	9,569,178
2006	229,564	2,984,437	126,231		4,148,559	1,021,693	531,082	144,720	2,613,337	11,799,623
2007	177,896	3,488,400	126,669		4,930,611	1,135,295	563,960	533,121	1,153,669	12,109,621
2008	192,836	4,197,951	126,396		5,141,240	1,104,475	373,171	507,423	1,115,543	12,759,035
2009	152,202	3,524,726	-		5,558,933	889,096	260,983	87,021	1,099,010	11,571,971
2010	287,780	4,197,527	-		5,394,155	640,729	166,291	144,487	1,287,101	12,118,070
2011	206,780	3,614,913	-		5,355,045	611,393	120,417	349,526	1,311,378	11,569,452
2012	221,790	5,268,023	-		8,451,150	781,842	81,293	69,459	1,281,254	16,154,811

Table 3

County of Lunenburg, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2003	\$ 1,068,697	\$ 467,781	\$ 1,124,023	\$ 976,323	\$ 4,742,841	\$ 13,949,722	\$ -	\$ 427,053	\$ 450,687	\$ 23,207,127
2004	806,869	516,912	1,324,524	575,132	4,656,079	14,089,461	-	411,214	876,869	23,257,060
2005	819,600	501,053	1,443,311	642,081	1,713,322	15,514,113	133,242	232,576	1,065,081	22,064,379
2006	863,887	551,471	1,427,408	744,635	1,432,282	16,567,203	-	700,643	1,421,129	23,708,658
2007	997,795	606,384	1,654,741	756,233	1,616,950	17,269,676	138,242	469,824	1,711,642	25,221,487
2008	1,061,929	535,879	1,599,390	1,027,727	2,161,754	17,049,964	-	1,158,703	1,678,318	26,273,664
2009	994,533	574,202	1,696,089	1,159,999	2,294,238	17,553,259	-	1,144,920	1,613,638	27,030,878
2010	1,106,845	563,350	2,556,889	1,036,023	2,058,513	16,871,972	133,242	484,086	1,638,396	26,449,316
2011	963,722	551,585	1,754,985	1,033,137	2,433,176	16,977,943	138,749	388,843	1,672,947	25,915,087
2012	1,345,432	607,878	1,782,118	1,021,773	2,518,865	16,977,828	-	1,699,913	7,360,005	33,313,812

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

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

(3) Excludes Capital Projects.

Table 4

County of Lunenburg, Virginia
General Governmental Revenues by Source (1,3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2003	\$ 3,604,032	\$ 916,869	\$ 40,795	\$ 11,529	\$ 193,058	\$ 436,528	\$ 40,556	\$ 312,828	\$ 16,988,363	\$ 22,544,558
2004	3,739,096	948,964	50,904	5,686	252,810	553,807	187,169	406,813	18,162,589	24,307,838
2005	4,210,219	1,026,258	44,038	4,993	190,128	698,101	91,906	133,292	15,115,748	21,514,683
2006	4,320,849	1,021,693	45,875	10,885	531,082	690,619	144,720	101,053	18,132,238	24,999,014
2007	4,802,442	1,089,242	43,599	10,135	406,627	683,611	33,121	120,700	18,431,238	25,620,715
2008	5,037,134	1,104,475	37,001	10,642	281,880	763,611	507,573	77,972	18,885,606	26,705,894
2009	5,490,039	845,816	44,260	12,235	247,754	526,005	188,646	68,324	19,037,845	26,460,924
2010	5,311,432	640,729	30,566	22,632	165,380	540,584	242,927	38,257	18,997,195	25,989,702
2011	5,321,103	611,393	27,228	39,532	117,435	504,953	349,526	29,765	18,113,790	25,114,725
2012	8,206,738	781,842	25,682	35,644	77,669	653,868	69,459	41,436	19,627,967	29,520,305

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

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

(3) Excludes Capital Projects.

Table 5

County of Lunenburg, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2003	\$ 4,708,633	\$ 4,379,576	93.01%	\$ 126,486	\$ 4,506,062	95.70%	\$ 654,304	13.90%
2004	4,918,609	4,622,055	93.97%	127,219	4,749,274	96.56%	633,455	12.88%
2005	5,189,115	4,852,095	93.51%	293,097	5,145,192	99.15%	533,038	10.27%
2006	5,441,786	5,229,548	96.10%	147,596	5,377,144	98.81%	452,639	8.32%
2007	5,742,724	5,717,372	99.56%	161,591	5,878,963	102.37%	421,739	7.34%
2008	5,008,531	4,787,234	95.58%	118,147	4,905,381	97.94%	361,653	7.22%
2009	5,519,039	5,305,586	96.13%	161,618	5,467,204	99.06%	541,743	9.82%
2010	6,330,617	6,103,459	96.41%	248,538	6,351,997	100.34%	588,010	9.29%
2011	6,370,760	6,092,933	95.64%	263,411	6,356,344	99.77%	625,605	9.82%
2012	9,659,019	8,782,078	90.92%	334,995	9,117,073	94.39%	815,009	8.44%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year beginning in 2012.

(3) Includes Personal Property Tax Relief

Table 6

County of Lunenburg, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Public Utility	Personal Property	
2003	\$ 403,822,562	\$ 68,676,566	\$ 15,185,780	\$ 4,448,910	\$ 27,578,798	\$ -	-	\$ 519,712,616
2004	410,718,368	73,298,813	14,726,550	3,155,910	26,913,753	-	-	528,813,394
2005	555,524,533	72,186,971	16,474,960	3,842,560	31,591,620	-	-	679,620,644
2006	561,941,100	79,390,477	17,569,810	4,181,950	30,228,596	-	-	693,311,933
2007	575,891,527	91,503,605	8,434,150	5,477,320	26,527,334	-	-	707,833,936
2008	588,071,913	92,209,376	9,725,364	5,572,380	26,479,654	-	-	722,058,687
2009	863,350,500	97,694,733	11,243,016	5,074,250	35,750,483	-	-	1,013,112,982
2010	871,988,824	86,504,098	12,637,030	4,588,940	34,579,627	-	-	1,010,298,519
2011	879,151,906	87,813,973	13,991,880	4,841,700	35,132,126	-	-	1,020,931,585
2012	843,252,361	91,125,404	14,272,974	5,751,715	40,076,714	-	-	994,479,168

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

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

Table 7

**County of Lunenburg, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate		Personal Property		Machinery and Tools		Merchant's Capital	
2003	\$	0.50	\$	3.50	\$	1.80	\$	1.20
2004		0.50		3.50		1.80		1.20
2005		0.42		3.50		1.80		1.20
2006		0.42		3.50		1.80		1.20
2007		0.44		3.50		1.80		1.20
2008		0.46		3.60		1.80		1.20
2009		0.33		3.60		1.80		1.20
2010		0.33		3.60		1.80		1.20
2011		0.33		3.60		1.80		1.20
2012		0.38		3.60		1.80		1.20

(1) Per \$100 of assessed value.

Table 8

County of Lunenburg, Virginia
Ratio of Net General Obligation 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)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2003	13,146	\$ 519,712,616	\$ 14,032,938	\$ 14,032,938	2.70%	\$ 1,067
2004	13,146	528,813,394	13,790,034	13,790,034	2.61%	1,049
2005	13,146	679,620,644	13,451,833	13,451,833	1.98%	1,023
2006	13,146	693,311,933	11,784,293	11,784,293	1.70%	896
2007	13,146	707,833,936	11,182,568	11,182,568	1.58%	851
2008	13,146	722,058,687	10,544,174	10,544,174	1.46%	802
2009	13,146	1,013,112,982	9,888,846	9,888,846	0.98%	752
2010	13,146	1,010,298,519	9,207,323	9,207,323	0.91%	700
2011	12,914	1,020,931,585	9,674,469	9,674,469	0.95%	749
2012	12,914	994,479,168	11,038,870	11,038,870	1.11%	855

(1) Weidon Cooper Center for Public Service for 2000 and 2010 Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes related premiums on bonds, revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lunenburg, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Lunenburg, Virginia's basic financial statements and have issued our report thereon dated January 3, 2013. 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 Lunenburg, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered County of Lunenburg, 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 Lunenburg, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Lunenburg, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2012-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Lunenburg, 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 the management of County of Lunenburg, Virginia, in a separate letter dated January 3, 2013.

County of Lunenburg, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit County of Lunenburg, Virginia's response and, accordingly, we express no opinion on it.

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

A handwritten signature in dark ink, appearing to read "D. F. Clark", followed by a long horizontal line extending to the right.

Richmond, Virginia
January 3, 2013

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited County of Lunenburg, 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 Lunenburg, Virginia's major federal programs for the year ended June 30, 2012. County of Lunenburg, 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 the County of Lunenburg, Virginia's management. Our responsibility is to express an opinion on the County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's compliance with those requirements.

In our opinion, County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our 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 Lunenburg, Virginia's internal control over compliance.

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

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

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

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia
January 3, 2013

County of Lunenburg, 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	\$ 91,540
Refugee and Entrant Assistance - State Administered Program	93.566	0500109/0500110	154
Low Income Home Energy Assistance	93.568	0600409/0600410	11,614
Child care and development fund cluster:			
Child Care and Development Block Grant	93.575	0770109/0770110	5,482
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	18,839
Stephanie Tubbs Jones Child welfare services program	93.645	0900109/0900110	285
Foster Care - Title IV-E	93.658	1100109/1100110	92,119
Adoption Assistance	93.659	1120109/1120110	19,949
Social Services Block Grant	93.667	1000109/1000110	62,011
Chafee Foster Care Independence Program	93.674	9150109/9150110	643
Children's Health Insurance Program	93.767	0540109/0540110	3,238
Medical Assistance Program	93.778	1200109/1200110	69,132
			<u>375,006</u>
Total Department of Health and Human Services			\$ <u>375,006</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
State Homeland Security Program	97.073	77501-52708	\$ 18,536
			<u>18,536</u>
Total Department of Homeland Security			\$ <u>18,536</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture and Consumer Services:			
Child nutrition cluster:			
Food Distribution	10.555	17901-45707	\$ 45,196
Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	17901-40623	448,772
Total CFDA# 10.555			<u>\$ 493,968</u>
Department of Education:			
School breakfast program	10.553	17901-40591	\$ 179,972
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010100	\$ 113,997
			<u>113,997</u>
Total Department of Agriculture			\$ <u>787,937</u>

County of Lunenburg, 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:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Edward Byrne memorial justice assistance grant program	16.738	39001	\$ 47,405
Total Department of Justice			\$ 47,405
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-59393/50184	\$ 7,346
Total Department of Transportation			\$ 7,346
Department of Defense:			
Direct Payments:			
JROTC	12.xxx	N/A	\$ 51,345
Total Department of Defense			\$ 51,345
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant	14.228	50791-53305	\$ 25,000
Total Department of Housing and Urban Development			\$ 25,000
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 889,622
ARRA -Title I Grants to Local Educational Agencies	84.389	17901-42913	84,317
Special education cluster:			
Special Education Grants to States	84.027	17901-43071	423,688
ARRA - Special Education Grants to States	84.391	17901-61245	199,361
Special Education Preschool Grants	84.173	17901-62521	17,931
Career and Technical Education - Basic Grants to States	84.048	17901-61095	31,682
Twenty-First Century Community Learning Centers	84.287	17901-60565	402,155
Improving Teacher Quality - State Grants	84.367	17901-61480	149,126
Rural Education	84.358	17901-43481	32,700
ARRA - State fiscal stabilization funds, education state grants	84.394	17901-61245	227,011
ARRA - Education jobs fund	84.410	17901-62700	460,299
Total Department of Education			\$ 2,917,892
Total Expenditures of Federal Awards			\$ 4,230,467

See accompanying notes to schedule of expenditures of federal awards.

County of Lunenburg, Virginia

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

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Lunenburg, 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 the 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 Lunenburg, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Lunenburg, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - Food Donation

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

Note D - 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	\$ 562,290
County Debt Service Fund	103,547
County Special Revenue Fund	25,000
Total primary government	<u>\$ 690,837</u>

Component Unit Public Schools:

School Operating Fund	\$ 3,597,981
School Special Revenue Fund	45,196
Total component unit public schools	<u>\$ 3,643,177</u>

Total federal expenditures per basic financial statements	<u>\$ 4,334,014</u>
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BAB's subsidy	<u>\$ (103,547)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,230,467</u></u>
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County of Lunenburg, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section I-Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? ✓ yes no

Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ 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 section .510(a) of
Circular A-133? yes ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.410	ARRA-Education Jobs Fund
84.027/84.173/84.391	Special Education Cluster (IDEA)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.394	ARRA-State Fiscal Stabilization Funds, Education State Grants

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

Auditee qualified as low-risk auditee? yes ✓ no

County of Lunenburg, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section II—Financial Statement Findings

2012-01

Financial Reporting

Condition:	The County's year end general ledger reports do not reconcile to the audited financial statements.
Criteria:	Internal controls should be in place to provide assurance that audited financial statements reconcile to the County's internal documents.
Effect:	Audited financial statements, including related footnotes, may contain an undetected material misstatement.
Cause:	Procedures have not been fully implemented to provide the necessary internal controls over financial reporting.
Recommendation:	The County maintains its general ledger on a cash basis during the fiscal year. After the close of the fiscal year, the County generally converts its ledger to a reporting basis by recording current year accruals and reversing accruals from the previous year. Accruals for the fiscal year ended June 30, 2011 were reversed from the general ledger by County staff, but accruals for the year ended June 30, 2012 were not posted. Therefore, the County's year-end general ledger reports did not reconcile to the FY12 audited financial statements. The County addressed its general ledger inadequacies in FY12 with the purchase of integrated general ledger software and hardware. We expect to see positive results in FY13 after utilizing the software for a full fiscal year. In the interim, we recommend the County consider employing a governmental accounting consultant, that is independent of the County's Auditor, to assist with preparation of year end working trial balances.
Management's Response:	The County is considering corrective action for FY13.

Section III—Federal Award Findings and Questioned Costs

None

County of Lunenburg, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2012

There were no prior year Federal Award Findings and Questioned Costs. Financial Statement Finding 2012-1 was repeated in the current year.