

COUNTY OF PATRICK, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

COUNTY OF PATRICK, VIRGINIA

BOARD OF SUPERVISORS

Lock Boyce, Vice-chair Karl Weiss	Roger Hayden, Chair	Crystal Harris Ron Knight
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COUNTY SCHOOL BOARD

Ronnie N. Terry, Vice-chair Annie H. Hylton	Robert A. Rorrer, Chair	Quinn Brim Bobby Mangrum
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SOCIAL SERVICES BOARD

Carol Clement, Chair Lock Boyce Angie Cassell	Alan Ullring James Houchins Greta Payne
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OTHER OFFICIALS

Judge of the Circuit Court	D. V. Williams
Clerk of the Circuit Court	Susan C. Gasperini
Judge of the General District Court.....	Edwin A. Gendron Jr.
Judge of the Juvenile & Domestic Relations Court.....	Junius P. Warren
Commonwealth's Attorney	Stephanie Brinegar-Vipperman
Commissioner of the Revenue	Janet H. Rorrer
Treasurer	Carolyn I. Tatum
Sheriff	Dan Smith
Superintendent of Schools.....	Dr. Roger N. Morris
Director of Social Services.....	Joan V. Rogers
County Administrator	Tom Rose
County Attorney	Alan Black

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PATRICK, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2011, 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 Patrick, 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 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 business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Patrick, Virginia, as of June 30, 2011, 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.

As described in Note 1 to the financial statements, the County of Patrick, Virginia adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011, on our consideration of the County of Patrick, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedules of

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Patrick, Virginia's financial statements as a whole. The introductory section, other supplementary information, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Patrick, Virginia. The other supplementary information, supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Robinson, Turner, Co. Associates

Christiansburg, Virginia
November 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Patrick County, 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, 2011. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County's governmental activities exceeded its liabilities at the close of the fiscal year by \$16,890,574 (net assets). Of this amount, \$6,550,836 was considered unrestricted.
- The assets of the County's business-type activities exceeded its liabilities at the close of the fiscal year by \$1,123,782 (net assets).
- The assets of the School Board component unit exceeded its liabilities at the close of the fiscal year by \$9,766,659 (net assets).
- The assets of the EDA component unit exceeded its liabilities at the close of the fiscal year by \$4,218,419 (net assets). Of this amount, \$2,299,423 was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$7,353,522. Of the amount \$6,609,677 was considered unassigned, \$29,955 was considered committed, and \$713,890 was considered restricted.
- During the year, the County had governmental expenditures that were \$11,640,710 more than revenues.

Overview of the Financial Statements:

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

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

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

Government-wide Financial Statements – The Government-wide Financial Statements are designed to provide the readers with a broad overview of the County’s finances in a manner similar to a private-sector business.

The Statement of Net 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). Our governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation. Our business-type activities are for public utilities.

The Government-wide Financial Statements include, not only the County of Patrick, Virginia itself (known as the primary government), but also a PSA Fund (known as business-type activities) and a legally separate school board for which the County of Patrick, Virginia is financially accountable. The financial statements also include the Economic Development Authority, a discretely presented component unit that we do not control, but do exercise a significant financial relationship with.

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 Patrick, 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Governmental funds (continued) - The County maintains four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, the Law Library Fund, and the Asset Forfeiture Fund, of which the General Fund and Capital Projects Fund are considered to be major funds. Individual fund data for each of two non-major funds are shown elsewhere in this report.

The County adopts an annual appropriated budget for its Governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

Proprietary Funds -- The County maintains two proprietary funds. The PSA Fund accounts for activities similar to those found in the private sector. The Health Insurance Fund, an internal service fund, maintains funds for employee insurance premiums to pay health insurance claims.

Fiduciary funds -- The County is the trustee, or fiduciary, for the County's agency funds and expendable trust funds. We are 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. The county has three fiduciary funds: Special Welfare, Dehart Cemetery, and Sheriff's Fund.

Notes to the Financial Statements -- The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other information -- In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and presentation of combining financial statements for the discretely presented component units and the non-major funds.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets exceed liabilities by \$18,014,356 at the close of the most recent fiscal year.

The largest portion of the County's net assets, \$11,622,578, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of net assets \$6,391,778 may be used to meet the County's ongoing obligations.

Government-wide Financial Analysis (Continued)

The following table summarizes the County's Statement of Net Assets for 2011 and 2010. There were no business-type activities in 2010.

Statement of Net Assets

	Governmental and Business-type Activities 2011	Governmental Activities 2010
Current and other assets	\$ 15,370,234	\$ 27,494,329
Capital and other assets	51,939,137	36,260,832
Total assets	<u>\$ 67,309,371</u>	<u>\$ 63,755,161</u>
Current and other liabilities	\$ 6,021,855	\$ 7,062,588
Long-term liabilities	43,273,160	40,898,391
Total Liabilities	<u>\$ 49,295,015</u>	<u>\$ 47,960,979</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 11,622,578	\$ 8,564,166
Restricted	0	22,137
Unrestricted	6,391,778	7,207,879
Total net assets	<u>\$ 18,014,356</u>	<u>\$ 15,794,182</u>

Financial Analysis of the County's Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned 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 combined ending fund balances of \$7,353,522. Approximately 9.7% of this total amount, \$713,890, constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately .4% or \$29,955, are committed funds. The remaining balance, \$6,609,677, or 89.9% is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$6,609,677, all of which is considered unassigned.

Financial Analysis of the County's Funds (Continued)

Total governmental fund revenues decreased \$2,687,588 and expenses decreased \$6,168,177 over prior year amounts. For fiscal year ended June 30, 2011, expenses exceeded revenues by \$11,640,710, as compared to the fiscal year ended June 30, 2010, revenues exceeded expenses by \$15,121,299.

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year.

Capital Assets and Debt Administration

Capital assets – The County's investment in capital assets for its governmental funds as of June 30, 2011 amounts to \$49,200,926 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress. Investment in capital assets for business-type activities amounts to \$2,738,211 (net of accumulated depreciation). This investment in capital assets is for public utilities. Capital asset activity for the school board as of June 30, 2011, amounts to \$9,775,094 (net of accumulated depreciation).

Additional information on the County of Patrick's capital assets can be found in Note 12 of this report.

Long-term liabilities – At the end of the current fiscal year, the County had total debt outstanding as follows:

Primary Government:	
Bonds and notes	\$ 9,267,106
Lease Revenue Notes	24,100,000
Bond Premiums	280,389
Bond Discount	(155,184)
Literary Loans	2,445,000
Note Payable	2,132,680
Capital Leases	3,258,893
Compensated Absences	454,290
OPEB Obligation	34,615
Total	<u>\$ 41,817,789</u>
Business-type Activities:	
Rural Development Loans	1,455,371
Total	<u>\$ 1,455,371</u>

Additional information on the County of Patrick's long-term debt can be found in Note 7 of this report.

Capital Assets and Debt Administration (Continued)

Component Unit: School Board	
OPEB Obligation	\$ 346,153
Compensated Absences	411,577
Total	<u>\$ 757,730</u>

Additional information on the County of Patrick's long-term debt for the School Board can be found in Note 9 of this report.

Economic Factors

The June 2011 unemployment rate for the County of Patrick, Virginia was 8.6%, which is a decrease from the rate of 10.8% in June 2010.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, PO Box 466, Stuart, Virginia 24171.

Basic Financial Statements

County of Patrick, Virginia
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 3,630,221	\$ 1,807	\$ 3,632,028	\$ 1,029,903	\$ 125,313
Cash in custody of others	2,732	-	2,732	200	-
Investments	5,146,749	-	5,146,749	613,612	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,232,665	-	4,232,665	-	-
Other local taxes	74,689	-	74,689	-	-
Accounts receivable	119,738	5,151	124,889	-	37,000
Notes receivable	-	-	-	-	2,132,680
Due from component unit	488,650	-	488,650	-	-
Due from other governmental units	586,155	-	586,155	917,641	-
Prepaid expenses	39,649	-	39,649	182,991	4,450
Other assets:					
Unamortized bond issue costs	1,042,028	-	1,042,028	-	-
Capital assets (net of accumulated depreciation):					
Land	1,132,064	-	1,132,064	554,155	1,108,744
Buildings	21,587,604	-	21,587,604	5,791,768	3,268,137
Machinery and equipment	571,589	-	571,589	2,629,426	-
Infrastructure	-	1,522,468	1,522,468	-	-
Construction in progress	25,909,669	1,215,743	27,125,412	799,745	-
Total assets	\$ 64,564,202	\$ 2,745,169	\$ 67,309,371	\$ 12,519,441	\$ 6,676,324
LIABILITIES					
Accounts payable	\$ 821,264	132,893	\$ 954,157	\$ 501,502	\$ 20
Accrued liabilities	17,171	-	17,171	-	-
Estimate of incurred but not reported health claims	268,674	-	268,674	-	-
Contracts payable	-	-	-	1,004,900	-
Accrued interest payable	599,345	31,443	630,788	-	-
Due to primary government	-	-	-	488,650	-
Customer deposits	-	1,680	1,680	-	-
Deferred revenue	4,149,385	-	4,149,385	-	-
Long-term liabilities:					
Due within one year	718,232	66,990	785,222	-	80,726
Due in more than one year	41,099,557	1,388,381	42,487,938	757,730	2,377,159
Total liabilities	\$ 47,673,628	\$ 1,621,387	\$ 49,295,015	\$ 2,752,782	\$ 2,457,905
NET ASSETS					
Invested in capital assets, net of related debt	\$ 10,339,738	\$ 1,282,840	\$ 11,622,578	\$ 9,775,094	\$ 1,918,996
Unrestricted (deficit)	6,550,836	(159,058)	6,391,778	(8,435)	2,299,423
Total net assets	\$ 16,890,574	\$ 1,123,782	\$ 18,014,356	\$ 9,766,659	\$ 4,218,419

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

County of Patrick, Virginia
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,101,780	\$ 262	\$ 207,284	\$ -	\$ (894,234)	\$ -	\$ (894,234)	\$ -
Judicial administration	682,045	68,300	422,516	-	(191,229)	-	(191,229)	-
Public safety	5,012,068	87,754	1,924,798	-	(2,999,516)	-	(2,999,516)	-
Public works	1,352,902	253,490	8,260	-	(1,091,152)	-	(1,091,152)	-
Health and welfare	1,676,559	-	1,296,028	-	(380,531)	-	(380,531)	-
Education	5,021,544	-	-	-	(5,021,544)	-	(5,021,544)	-
Parks, recreation, and cultural	479,442	1,873	129,021	-	(348,548)	-	(348,548)	-
Community development	931,949	7,827	1,289,055	-	364,933	-	364,933	-
Interest on long-term debt	1,876,189	-	-	-	(1,876,189)	-	(1,876,189)	-
Total governmental activities	\$ 18,134,458	\$ 419,506	\$ 5,276,962	\$ -	\$ (12,437,990)	\$ -	\$ (12,437,990)	\$ -
Business-type activities:								
PSA fund	\$ 52,409	\$ 5,291	\$ -	\$ -	\$ -	\$ (47,118)	\$ (47,118)	\$ -
Total primary government	\$ 18,186,867	\$ 424,797	\$ 5,276,962	\$ -	\$ (12,437,990)	\$ (47,118)	\$ (12,485,108)	\$ -
COMPONENT UNIT:								
School Board	\$ 24,631,780	\$ 518,767	\$ 17,639,233	\$ -	\$ -	\$ -	\$ (6,473,780)	\$ -
EDA	202,741	200,548	-	-	-	-	-	(2,193)
Total component unit	\$ 24,834,521	\$ 719,315	\$ 17,639,233	\$ -	\$ -	\$ -	\$ (6,473,780)	\$ (2,193)
General revenues:								
General property taxes					\$ 11,210,900	\$ -	\$ 11,210,900	\$ -
Other local taxes:								
Local sales and use taxes					1,000,648	-	1,000,648	-
Consumers' utility taxes					403,969	-	403,969	-
Gross receipts					4,457	-	4,457	-
Consumption taxes					61,161	-	61,161	-
Motor vehicle licenses					444,089	-	444,089	-
Bank stock taxes					21,680	-	21,680	-
Taxes on recordation and wills					57,071	-	57,071	-
Hotel and motel room taxes					98,925	-	98,925	-
Unrestricted revenues from use of money and property					57,049	-	57,049	-
Miscellaneous					211,782	-	211,782	-
Contribution from Patrick County					-	-	-	236
Grants and contributions not restricted to specific programs					1,304,116	-	1,304,116	65,347
Transfers					(1,170,900)	1,170,900	-	-
Total general revenues					\$ 13,704,947	\$ 1,170,900	\$ 14,875,847	\$ 65,583
Change in net assets					\$ 1,266,957	\$ 1,123,782	\$ 2,390,739	\$ 63,390
Net assets - beginning, as restated					15,623,617	-	15,623,617	4,155,029
Net assets - ending					\$ 16,890,574	\$ 1,123,782	\$ 18,014,356	\$ 4,218,419

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

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>School Construction</u>	<u>Jail Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 2,328,665	\$ -	\$ 347	\$ 43,363	\$ 2,372,375
Cash in custody of others	2,732	-	-	-	2,732
Investments	3,809,790	1,336,959	-	-	5,146,749
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,232,665	-	-	-	4,232,665
Other local taxes	74,689	-	-	-	74,689
Accounts receivable	119,649	-	-	89	119,738
Due from component unit	488,650	-	-	-	488,650
Due from other governmental units	586,155	-	-	-	586,155
Total assets	<u>\$ 11,642,995</u>	<u>\$ 1,336,959</u>	<u>\$ 347</u>	<u>\$ 43,452</u>	<u>\$ 13,023,753</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 184,351	\$ 636,913	\$ -	\$ -	\$ 821,264
Accrued liabilities	17,171	-	-	-	17,171
Due to component unit	-	-	-	-	-
Deferred revenue	4,831,796	-	-	-	4,831,796
Total liabilities	<u>\$ 5,033,318</u>	<u>\$ 636,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,670,231</u>
Fund balances:					
Restricted for:					
Capital projects	\$ -	\$ 700,046	\$ 347	\$ 13,497	\$ 713,890
Committed for:					
Law library	-	-	-	12,177	12,177
Asset Forfeiture	-	-	-	17,778	17,778
Unassigned	6,609,677	-	-	-	6,609,677
Total fund balances	<u>\$ 6,609,677</u>	<u>\$ 700,046</u>	<u>\$ 347</u>	<u>\$ 43,452</u>	<u>\$ 7,353,522</u>
Total liabilities and fund balances	<u>\$ 11,642,995</u>	<u>\$ 1,336,959</u>	<u>\$ 347</u>	<u>\$ 43,452</u>	<u>\$ 13,023,753</u>

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

County of Patrick, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	7,353,522
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		49,200,926
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		682,411
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,028,821
--	--	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(41,375,106)
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Net assets of governmental activities	\$	16,890,574
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>School Construction</u>	<u>Jail Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 11,046,404	\$ 7,680	\$ 8,528	\$ -	\$ 11,062,612
Other local taxes	2,092,000	-	-	-	2,092,000
Permits, privilege fees, and regulatory licenses	82,905	-	-	-	82,905
Fines and forfeitures	26,708	-	-	-	26,708
Revenue from the use of money and property	56,755	-	-	294	57,049
Charges for services	308,684	-	-	1,209	309,893
Miscellaneous	169,231	42,551	-	-	211,782
Recovered costs	383,544	-	99,367	-	482,911
Intergovernmental revenues:					
Commonwealth	5,441,459	-	259,951	9,577	5,710,987
Federal	870,091	-	-	-	870,091
Total revenues	\$ 20,477,781	\$ 50,231	\$ 367,846	\$ 11,080	\$ 20,906,938
EXPENDITURES					
Current:					
General government administration	\$ 1,341,103	\$ -	\$ -	\$ -	\$ 1,341,103
Judicial administration	683,627	-	-	-	683,627
Public safety	5,027,159	-	-	12,135	5,039,294
Public works	1,361,251	-	-	-	1,361,251
Health and welfare	1,881,784	-	-	-	1,881,784
Education	4,607,809	-	-	-	4,607,809
Parks, recreation, and cultural	485,882	-	-	-	485,882
Community development	890,656	-	-	-	890,656
Capital projects	-	6,934,870	6,711,379	-	13,646,249
Debt service:					
Principal retirement	894,887	-	-	-	894,887
Interest and other fiscal charges	1,694,558	-	20,548	-	1,715,106
Total expenditures	\$ 18,868,716	\$ 6,934,870	\$ 6,731,927	\$ 12,135	\$ 32,547,648
Excess (deficiency) of revenues over (under) expenditures	\$ 1,609,065	\$ (6,884,639)	\$ (6,364,081)	\$ (1,055)	\$ (11,640,710)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 18,909	-	-	\$ -	\$ 18,909
Transfers out	(1,170,900)	-	(16,982)	(1,927)	(1,189,809)
Proceeds of general obligation bonds	-	-	2,132,680	-	2,132,680
Total other financing sources (uses)	\$ (1,151,991)	\$ -	\$ 2,115,698	\$ (1,927)	\$ 961,780
Net change in fund balances	\$ 457,074	\$ (6,884,639)	\$ (4,248,383)	\$ (2,982)	\$ (10,678,930)
Fund balances - beginning, as restated	6,152,603	7,584,685	4,248,730	46,434	18,032,452
Fund balances - ending	\$ 6,609,677	\$ 700,046	\$ 347	\$ 43,452	\$ 7,353,522

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

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

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

Net change in fund balances - total governmental funds	\$ (10,678,930)
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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.	12,940,094
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	148,288
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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.	(1,237,793)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	148,962
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(53,664)
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Change in net assets of governmental activities	\$ 1,266,957
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The notes to the financial statements are an integral part of this statement.

County of Patrick, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Enterprise:</u> <u>PSA</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,807	\$ 1,257,846
Accounts receivables, net of allowances for uncollectibles	5,151	-
Prepaid expenses	-	39,649
Total current assets	<u>\$ 6,958</u>	<u>\$ 1,297,495</u>
Noncurrent assets:		
Capital assets:		
Infrastructure	\$ 1,522,468	\$ -
Construction in progress	1,215,743	-
Total capital assets	<u>2,738,211</u>	<u>-</u>
Total noncurrent assets	<u>\$ 2,738,211</u>	<u>\$ -</u>
Total assets	<u>\$ 2,745,169</u>	<u>\$ 1,297,495</u>
LIABILITIES		
Current liabilities:		
Estimate of incurred but not reported health claims	\$ -	\$ 268,674
Accounts payable	132,893	-
Customers' deposits	1,680	-
Accrued interest payable	31,443	-
Bonds payable - current portion	66,990	-
Total current liabilities	<u>\$ 233,006</u>	<u>\$ 268,674</u>
Noncurrent liabilities:		
Bonds payable - net of current portion	<u>\$ 1,388,381</u>	<u>\$ -</u>
Total noncurrent liabilities	<u>\$ 1,388,381</u>	<u>\$ -</u>
Total liabilities	<u>\$ 1,621,387</u>	<u>\$ 268,674</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,282,840	\$ -
Unrestricted	(159,058)	1,028,821
Total net assets	<u>\$ 1,123,782</u>	<u>\$ 1,028,821</u>

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

County of Patrick, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Enterprise:</u> <u>PSA</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 5,291	\$ -
Insurance premiums	-	2,541,605
Miscellaneous	-	25,390
Total operating revenues	<u>\$ 5,291</u>	<u>\$ 2,566,995</u>
OPERATING EXPENSES		
Water	\$ 14,596	\$ -
Insurance claims and expenses	-	2,622,576
Depreciation	6,370	-
Total operating expenses	<u>\$ 20,966</u>	<u>\$ 2,622,576</u>
Operating income (loss)	<u>\$ (15,675)</u>	<u>\$ (55,581)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	\$ -	\$ 1,917
Interest expense	(31,443)	-
Total nonoperating revenues (expenses)	<u>\$ (31,443)</u>	<u>\$ 1,917</u>
Income before contributions and transfers	<u>\$ (47,118)</u>	<u>\$ (53,664)</u>
Transfers in	\$ 1,170,900	\$ -
Change in net assets	<u>\$ 1,123,782</u>	<u>\$ (53,664)</u>
Total net assets - beginning	-	1,082,485
Total net assets - ending	<u><u>\$ 1,123,782</u></u>	<u><u>\$ 1,028,821</u></u>

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

County of Patrick, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Enterprise:</u> <u>PSA</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	\$ -	\$ 2,536,345
Receipts from customers and users	140	-
Payments to suppliers	119,977	-
Payments for premiums	-	(2,475,707)
Other receipts (payments)	-	25,390
Net cash provided (used) by operating activities	<u>\$ 120,117</u>	<u>\$ 86,028</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of infrastructure	\$ (2,744,581)	\$ -
Contributions in aid of construction	1,170,900	-
Proceeds from indebtedness	1,455,371	-
Net cash provided (used) by capital and related financing activities	<u>\$ (118,310)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	\$ -	\$ 965,843
Interest and dividends received	-	1,917
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ 967,760</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,807	\$ 1,053,788
Cash and cash equivalents - beginning	-	204,058
Cash and cash equivalents - ending	<u>\$ 1,807</u>	<u>\$ 1,257,846</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (15,675)	\$ (55,581)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	\$ 6,370	\$ -
(Increase) decrease in accounts receivable	(5,151)	-
(Increase) decrease in prepaid expenses	-	(5,260)
Increase (decrease) in customer deposits	1,680	-
Increase (decrease) in accounts payable	132,893	146,869
Total adjustments	<u>\$ 135,792</u>	<u>\$ 141,609</u>
Net cash provided (used) by operating activities	<u>\$ 120,117</u>	<u>\$ 86,028</u>

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

County of Patrick, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 14,710
Cash in custody of others	2,732
Total assets	<u>\$ 17,442</u>
LIABILITIES	
Amounts held for Social Services clients	\$ 8,611
Amounts held for DeHart Cemetery	6,099
Amounts held for inmates	2,732
Total liabilities	<u>\$ 17,442</u>

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

County of Patrick, Virginia

Notes to Financial Statements As of June 30, 2011

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The County of Patrick, Virginia is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Patrick County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue a separate financial statement.

The Patrick County Economic Development Authority (EDA) was created to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Patrick County, Virginia. The Authority is also authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. The Authority is governed by eight directors appointed by the Board of Supervisors of Patrick County, Virginia. A separate financial statement may be obtained by contacting the EDA.

Related Organizations – None

Jointly Governed Organizations:

1. The County and the City of Martinsville participate in supporting the Blue Ridge Regional Library. For the fiscal year ended June 30, 2011, the County contributed \$261,982 to the Library.
2. The County and the County of Franklin and the City of Martinsville participate in supporting the Piedmont Regional Community Services Board. For the fiscal year ended June 30, 2011 the County contributed \$44,435 to the Community Services Board.

County of Patrick, Virginia

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

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

B. Government-wide and fund financial statements

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.

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 is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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 the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. 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.

County of Patrick, Virginia

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

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

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as 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 in the month 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 the government receives cash.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the Courthouse Maintenance, Contingency, Inmate Medical, CAP Depreciation, VPA, CSA, Dare, Sheriff's Vending, Capital Projects and Courthouse Security Funds.

The *School Capital Projects* fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities of the School Board.

The *Jail Construction Capital Projects* fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities of the Patrick County Sheriff's Office.

The government reports the following nonmajor governmental funds:

Special Revenue Funds account for the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Law Library and Asset Forfeiture Funds are reported as a nonmajor special revenue funds.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The Park Construction Fund is reported as a nonmajor capital projects fund.

County of Patrick, Virginia

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

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

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Additionally, the government reports the following fund types:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Self-health Insurance Fund.

Fiduciary Funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, DeHart Cemetery and the Jail Canteen fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between departments of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

County of Patrick, Virginia

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

2. Receivables and payables

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

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$97,498 at June 30, 2011 and is comprised solely of property taxes.

5. Use of Estimates

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

County of Patrick, Virginia

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

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

D. Assets, liabilities, and net assets or equity (continued)

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	5-30

7. 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. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. 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 statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

County of Patrick, Virginia

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

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

D. Assets, liabilities, and net assets or equity (continued)

8. Long-term obligations (continued)

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

9. Fund equity

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard (implemented in 2011) has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. GASB Statement No. 54 requires that fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The County of Patrick, Virginia evaluated its funds at June 30, 2011 and classified fund balance into the following five categories:

Non-spendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

Restricted -items that are restricted by external parties such as creditors or imposed by grants, law or legislation

Committed -items that have been committed by formal action by the entity's "highest level of decision-making authority"; which the County of Patrick, Virginia considers to be the Board of Directors.

Assigned -items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Patrick, Virginia considers this level of authority to be the Board of Directors or any Committee granted such authority by the Board of Directors.

Unassigned -this category is for any balances that have no restrictions placed upon them.

County of Patrick, Virginia

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

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

D. Assets, liabilities, and net assets or equity (continued)

10. 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.

11. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide statements.

Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(41,375,106) and \$(757,730) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (9,267,106)	\$ -
Lease revenue note	(24,100,000)	-
Unamortized premium	(280,389)	-
Literary loans payable	(2,445,000)	-
Leases payable	(3,258,893)	-
Note payable - Patrick EDA	(2,132,680)	-
Accrued interest payable	(599,345)	-
Net OPEB Obligation	(34,615)	(346,153)
Compensated absences	(454,290)	(411,577)
Bond issue discount	155,184	-
Bond cost of issuance	1,042,028	-
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u>(41,375,106)</u>	\$ <u>(757,730)</u>

County of Patrick, Virginia

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

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$12,940,094 and \$(541,622) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 13,651,895	\$ 222,298
Depreciation expenses	<u>(711,801)</u>	<u>(763,920)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>12,940,094</u>	\$ <u>(541,622)</u>

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County of Patrick, Virginia

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

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: (continued)

Another element of that reconciliation states "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." The details of this \$(1,237,793) difference in the primary government are as follows:

	<u>Primary Government</u>
Debt Issued or incurred:	
Note Payable - Patrick EDA	\$ (2,132,680)
Principal repayments:	
General obligation debt	699,887
Literary loans	<u>195,000</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-</i> <i>total governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ (1,237,793)</u>

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County of Patrick, Virginia

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

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: (continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$148,962 and \$(132,970) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
(Increase) decrease in compensated absences	\$ 322,277	\$ (29,395)
(Increase) decrease in OPEB Obligation	(12,252)	(103,575)
(Increase) decrease in bond premium	13,912	-
(Increase) decrease in bond issuance costs	(42,614)	-
(Increase) decrease in accrued interest	(132,361)	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 148,962</u>	<u>\$ (132,970)</u>

Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund.
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 function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

County of Patrick, Virginia

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

Note 3-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Budgetary data presented in the accompanying financial statements is the revised budget as of June 30, and the original budget adopted by the Board of Supervisors.
9. Excess of expenditures over appropriations
For fiscal year ended June 30, 2011, there were not any funds/departments that over expended appropriations.
10. Deficit fund equity
At June 30, 2011, there were no funds with deficit fund equity.

Note 4-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 2.2-400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies 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).

County of Patrick, Virginia

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

Note 4-Deposits and Investments: (Continued)

Credit Risk of Debt Securities:

The County has not adopted an investment policy for credit risk.

The County's and School's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	Unrated
LGIP	\$ 4,423,402	\$ -
SNAP	1,336,959	-
Total	\$ 5,760,361	\$ -

Concentration of Credit Risk:

At June 30, 2011, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk:

At June 30, 2011, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

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

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County of Patrick, Virginia

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

Note 5-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Other local taxes	\$ 158,764	\$ -
State sales tax	-	414,245
Non-categorical aid	95,291	-
Categorical aid-shared expenses	166,882	-
Categorical aid-VPA funds	31,777	-
Categorical aid-other	73,857	141,314
<u>Federal Government:</u>		
Categorical aid-VPA funds	59,584	-
Categorical aid-other	-	362,082
Totals	\$ <u>586,155</u>	\$ <u>917,641</u>

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County of Patrick, Virginia

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

Note 6-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ <u> -</u>	\$ <u> 488,650</u>
Component Unit - School Board:		
School Fund	\$ <u> 488,650</u>	\$ <u> -</u>

Note 7-Long-Term Liabilities:

Primary Government - Governmental Activity Liabilities:

The following is a summary of long-term liabilities transactions of the County for the year ended June 30, 2011.

	<u>Balance July 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Bonds and notes	\$ 9,511,993	\$ -	(244,887)	\$ 9,267,106
Lease revenue notes	24,555,000	-	(455,000)	24,100,000
Bond premiums	294,301	-	(13,912)	280,389
Bond discount	(160,726)	-	5,542	(155,184)
Literary loans	2,640,000	-	(195,000)	2,445,000
Note payable	-	2,132,680	-	2,132,680
Capital leases	3,258,893	-	-	3,258,893
Compensated absences	776,567	-	(322,277)	454,290
OPEB obligation	22,363	22,702	(10,450)	34,615
Total	\$ <u>40,898,391</u>	\$ <u>2,155,382</u>	\$ <u>(1,235,984)</u>	\$ <u>41,817,789</u>

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County of Patrick, Virginia

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

Note 7-Long-Term Liabilities: (Continued)

Primary Government - Governmental Activity Liabilities (Continued)

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

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans		Lease Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 120,000	\$ 343,797	\$ 120,000	\$ 55,350	\$ 470,000	\$ 1,108,700
2013	369,205	486,972	195,000	51,000	490,000	1,092,250
2014	380,031	469,037	195,000	46,650	505,000	1,075,100
2015	391,484	450,355	195,000	42,300	525,000	1,056,794
2016	332,332	431,271	195,000	37,950	545,000	1,037,763
2017-2021	1,841,281	1,894,114	900,000	124,500	3,050,000	4,853,713
2022-2026	1,942,773	1,411,983	420,000	46,351	3,740,000	4,157,075
2027-2031	1,155,000	985,316	225,000	10,500	4,645,000	3,251,725
2032-2036	1,400,000	607,895	-	-	5,850,000	2,054,563
2037-2041	1,335,000	161,941	-	-	4,280,000	457,013
Totals	\$ 9,267,106	\$ 7,242,681	\$ 2,445,000	\$ 414,601	\$ 24,100,000	\$ 20,144,696

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County of Patrick, Virginia

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

Note 7-Long-Term Liabilities: (Continued)

Primary Government - Governmental Activity Liabilities: (Continued)

Details of long-term liabilities:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
General Obligation Bond	6.1-6.6%	11/22/1994	2014	\$ 1,151,824	\$ 200,332	\$ -
General Obligation Bond	2.35-5.1%	11/7/2002	2022	469,054	281,346	-
General Obligation Bond	4.1-5.6%	10/15/2004	2025	1,630,018	1,152,354	-
General Obligation Bond	4.6-5.1%	11/10/2005	2026	1,338,330	1,119,812	-
General Obligation Bond	4.6-5.1%	11/10/2005	2026	448,957	218,262	-
General Obligation Bond	4.6-5.1%	11/9/2009	2040	6,295,000	6,295,000	120,000
Lease Revenue Notes:						
Lease Revenue Note	3-5.25%	7/29/2008	2039	25,000,000	24,100,000	470,000
Subtotal GO Bonds and Notes					\$ 33,367,106	\$ 590,000
Add:						
Premium	n/a	10/15/2004	2025	117,079	\$ 81,955	\$ 5,854
Premium	n/a	11/10/2005	2026	97,867	78,292	3,915
Premium	n/a	11/9/2009	2040	124,285	120,142	4,005
Less:						
Discount	n/a	7/29/2008	2039	166,268	\$ (155,184)	\$ (5,542)
Total GO Bonds and Notes					\$ 33,492,311	\$ 598,232
Literary Loans:						
State Literary Fund Loan	2%	4/24/2000	2020	1,500,000	\$ 675,000	\$ 75,000
State Literary Fund Loan	3%	3/8/2002	2022	900,000	495,000	45,000
State Literary Fund Loan	2%	7/15/2008	2029	1,425,000	1,275,000	-
Total Literary Loans					\$ 2,445,000	\$ 120,000
Lease Purchase Agreements:						
Capital Lease	7.15%	8/15/2008	2023	3,403,504	\$ 3,258,893	\$ -
Other Obligations						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 454,290	\$ -
Note payable - Patrick EDA	n/a	n/a	n/a	n/a	2,132,680	-
OPEB Obligation	n/a	n/a	n/a	n/a	34,615	-
Total Other Obligations					\$ 2,621,585	\$ -
Total Long-term Liabilities					\$ 41,817,789	\$ 718,232

County of Patrick, Virginia

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

Note 7-Long-Term Liabilities: (Continued)

Primary Government – Business-Type Activity Liabilities: (Continued)

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

Year Ending June 30,	Rural Development Loans	
	Principal	Interest
2012	\$ 15,050	\$ 57,941
2013	15,663	57,328
2014	16,301	56,690
2015	16,965	56,026
2016	17,656	55,334
2017-2021	99,677	265,277
2022-2026	121,705	243,249
2027-2031	148,601	216,352
2032-2036	181,442	183,512
2037-2041	221,540	143,414
2042-2046	270,499	94,455
2047-2051	330,272	34,681
Totals	<u>\$ 1,455,371</u>	<u>\$ 1,464,259</u>

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Rural Development Loans	\$ -	\$ 1,455,371	-	\$ 1,455,371

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Rural Development Loans:						
Rural Development Loan	4.00%	8/25/2010	2051	\$ 2,100,000	\$ 109,214	\$ 5,477
Rural Development Loan	4.00%	8/25/2010	2051	1,443,000	1,346,157	61,513
Total Long-term liabilities					<u>\$ 1,455,371</u>	<u>\$ 66,990</u>

County of Patrick, Virginia

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

Note 8-Capital Lease:

Primary Government:

The County has entered into a lease agreement to finance the acquisition of energy efficient equipment to be used by the public schools. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments at the date of inception.

The asset acquired through capital lease is as follows:

Energy Efficient Equipment	\$ 2,664,398
Less: Accumulated depreciation	<u>-</u>
Net Asset	<u>\$ 2,664,398</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Energy Efficient Equipment</u>
2012	313,737
2013	318,548
2014	323,556
2015	328,768
2016	334,194
2017-2021	1,760,409
2022-2024	<u>1,136,978</u>
Sub-total	\$ 4,516,190
Less, amount representing interest	<u>(1,257,297)</u>
Present Value of Lease Agreement	<u>\$ 3,258,893</u>

County of Patrick, Virginia

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

Note 9-Long-Term Liabilities-Component Unit School Board:

Discretely Presented Component Unit-School Board-Liabilities:

The following is a summary of long-term liabilities transactions of the Component-Unit School Board for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
OPEB Obligation	\$ 242,578	\$ 261,075	\$ (157,500)	\$ 346,153
Compensated absences	382,182	29,395	-	411,577
Total	<u>\$ 624,760</u>	<u>\$ 290,470</u>	<u>\$ (157,500)</u>	<u>\$ 757,730</u>

Details of Liabilities:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Compensated absences	\$ 411,577	\$ -
OPEB Obligation	346,153	-
Total Long-Term Obligations	<u>\$ 757,730</u>	<u>\$ -</u>

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County of Patrick, Virginia

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

Note 10-Employee Retirement System and Pension Plans:

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 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

County of Patrick, Virginia

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

Note 10-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description

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

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

B. Funding Policy

Primary Government:

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 of Patrick, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Patrick, Virginia's contribution rate for the fiscal year ended 2011 was 11.35% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-Professional Employees):

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2011 was 8.29% of annual covered payroll.

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County of Patrick, Virginia

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

Note 10-Employee Retirement System and Pension Plans: (Continued)

C. Annual Pension Cost

For Fiscal year 2011, the County of Patrick, Virginia's annual pension cost of \$495,225 and \$137,667 was equal to the County of Patrick, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2009	\$ 430,826	100.00%	\$ -
	6/30/2010	434,721	100.00%	-
	6/30/2011	495,225	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2009	\$ 143,172	100.00%	\$ -
	6/30/2010	139,568	100.00%	-
	6/30/2011	137,667	100.00%	-

¹ Employer portion only

The FY 2011 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 of Patrick, Virginia's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Patrick, Virginia's and the School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

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County of Patrick, Virginia

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

Note 10-Employee Retirement System and Pension Plans: (Continued)

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 75.65% funded. The actuarial accrued liability for benefits was \$17,911,665, and the actuarial value of assets was \$13,549,904, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,361,761. The covered payroll (annual payroll of active employees covered by the plan) was \$3,992,360, and ratio of the UAAL to the covered payroll was 109.25%.

Discretely Presented Component Unit - School Board (Non-Professional Employees):

As of June 30, 2010, the most recent actuarial valuation date, the plan was 82.09% funded. The actuarial accrued liability for benefits was \$6,257,517, and the actuarial value of assets was \$5,136,602, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,120,915. The covered payroll (annual payroll of active employees covered by the plan) was \$1,669,488, and ratio of the UAAL to the covered payroll was 67.14%.

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

E. Discretely Presented Component Unit-School Board (Professional Employees)

Plan Description

The Patrick County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5.00% member contribution, was \$485,273, \$1,102,082, and \$1,085,030 for the fiscal years ended 2011, 2010, and 2009, respectively. Required employer contributions represented 3.93%, 8.81%, and 8.81% of covered payroll for the fiscal years ended 2011, 2010, and 2009, respectively.

County of Patrick, Virginia

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

Note 11-Deferred Revenue:

Governmental funds report *deferred revenue* in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Deferred property taxes receivable	\$ 4,002,867	\$ 3,320,456
Prepaid taxes	828,929	828,929
Total deferred/unearned revenue for governmental funds	<u>\$ 4,831,796</u>	<u>\$ 4,149,385</u>

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County of Patrick, Virginia

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

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,132,064	\$ -	\$ -	\$ 1,132,064
Construction in progress	<u>24,336,617</u>	<u>13,354,629</u>	<u>(11,781,575)</u>	<u>25,909,671</u>
Total capital assets not being depreciated	<u>\$ 25,468,681</u>	<u>\$ 13,354,629</u>	<u>\$ (11,781,575)</u>	<u>\$ 27,041,735</u>
Capital assets, being depreciated:				
Buildings	\$ 13,648,116	\$ 11,901,013	\$ -	\$ 25,549,129
Machinery and equipment	<u>2,575,887</u>	<u>177,828</u>	<u>-</u>	<u>2,753,715</u>
Total capital assets being depreciated	<u>\$ 16,224,003</u>	<u>\$ 12,078,841</u>	<u>\$ -</u>	<u>\$ 28,302,844</u>
Less: accumulated depreciation for:				
Buildings	\$ (3,504,091)	\$ (457,436)	\$ -	\$ (3,961,527)
Machinery and equipment	<u>(1,927,761)</u>	<u>(254,365)</u>	<u>-</u>	<u>(2,182,126)</u>
Total accumulated depreciation	<u>\$ (5,431,852)</u>	<u>\$ (711,801)</u>	<u>\$ -</u>	<u>\$ (6,143,653)</u>
Total capital assets being depreciated, net	<u>\$ 10,792,151</u>	<u>\$ 11,367,040</u>	<u>\$ -</u>	<u>\$ 22,159,191</u>
Governmental activities capital assets, net	<u>\$ 36,260,832</u>	<u>\$ 24,721,669</u>	<u>\$ (11,781,575)</u>	<u>\$ 49,200,926</u>

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County of Patrick, Virginia

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

Note 12-Capital Assets: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,215,743	\$ -	\$ 1,215,743
Capital assets, being depreciated:				
Infrastructure	\$ -	\$ 1,528,838	\$ -	\$ 1,528,838
Less: accumulated depreciation for:				
Infrastructure	\$ -	(6,370)	\$ -	(6,370)
Total capital assets being depreciated, net	\$ -	\$ 1,522,468	\$ -	\$ 1,522,468
Business-Type Activities capital assets, net	\$ -	\$ 2,738,211	\$ -	\$ 2,738,211

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

Governmental Activities:	
General government administration	\$ 3,234
Judicial administration	1,210
Public safety	213,782
Public works	128,245
Education	240,380
Parks, recreation, and cultural	1,860
Community development	123,090
Total depreciation expense-governmental activities	\$ 711,801
Business-Type Activities	
PSA fund	\$ 6,370

County of Patrick, Virginia

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

Note 12-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2011 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 528,762	\$ 25,393	\$ -	\$ 554,155
Construction in progress	787,944	34,869	(23,068)	799,745
Total capital assets not being depreciated	<u>\$ 1,316,706</u>	<u>\$ 60,262</u>	<u>\$ (23,068)</u>	<u>\$ 1,353,900</u>
Capital assets, being depreciated:				
Buildings	\$ 15,571,900	\$ 46,981	\$ -	\$ 15,618,881
Machinery and equipment	5,446,386	138,123	-	5,584,509
Total capital assets being depreciated	<u>\$ 21,018,286</u>	<u>\$ 185,104</u>	<u>\$ -</u>	<u>\$ 21,203,390</u>
Less: accumulated depreciation for:				
Buildings	\$ (9,443,348)	\$ (383,765)	\$ -	\$ (9,827,113)
Machinery and equipment	(2,574,928)	(380,155)	-	(2,955,083)
Total accumulated depreciation	<u>\$ (12,018,276)</u>	<u>\$ (763,920)</u>	<u>\$ -</u>	<u>\$ (12,782,196)</u>
Total capital assets being depreciated, net	<u>\$ 9,000,010</u>	<u>\$ (578,816)</u>	<u>\$ -</u>	<u>\$ 8,421,194</u>
Governmental activities capital assets, net	<u>\$ 10,316,716</u>	<u>\$ (518,554)</u>	<u>\$ (23,068)</u>	<u>\$ 9,775,094</u>

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County of Patrick, Virginia

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

Note 13-Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14-Contingent Liabilities:

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

Note 15-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Susan C. Gasperini, Clerk of the Circuit Court	\$	115,000
Carolyn I. Tatum, Treasurer		400,000
Janet H. Rorrer, Commissioner of the Revenue		3,000
Dan Smith, Sheriff		30,000
All constitutional officers' employees: blanket bond		50,000

VACo Insurance Programs:

All County employees: blanket bond	\$	250,000
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VaRisk 2:

All Social Services employees: blanket bond	\$	250,000
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County of Patrick, Virginia

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

Note 15-Surety Bonds: (Continued)

Component Unit – School Board:

Zurick North America:

Dr. Roger Morris, Superintendent of Schools	\$	10,000
Sarah Leigh D. Collins, Clerk of the School Board		10,000

Note 16-Other Post-Employment Benefits (OPEB):

A. Plan Description

The County of Patrick and Patrick County's Component Unit – School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County and School Board. An eligible retiree may receive this benefit until the retiree is eligible to receive Medicare.

To be eligible for this benefit, public safety and general employees hired before July 1, 2010 must meet at least one of the following criteria: attained age 50 and 30 years of service, attained age 55 and 5 years of service, or disabled with no age or service requirements. General employees hired on or after July 1, 2010 must meet at least one of the following criteria: attained age plus years of service equal to or greater than 90 points, attained age 60 and 5 years of service, or disabled with no age or service requirements. In addition, the School System has an Early Retirement Incentive Program that allows retirees to continue working and receive special benefits for seven years if they retire after age 50 with 20 years as a participant of the Virginia Retirement System and have a minimum of 10 years of full-time employment with Patrick County School System. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action, respectively. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County and School Board currently pay for the post-retirement health care benefits on a pay-as-you-go basis. The County and School Board currently have 82 and 238 employees that are eligible for the program. In addition, for retirees of the County, 100 percent of premiums are the responsibility of the retiree. The School System pays \$345.84 toward the monthly medical premium for retirees while they participate in the Early Retirement Incentive Program. For employees who receive the Virginia Retirement System Health Insurance Credit, the School System's contribution is reduced by this credit. Each Incentive participant must pay the amount of the premium in excess of \$345.84.

County of Patrick, Virginia

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

Note 16-Other Post-Employment Benefits (OPEB): (Continued)

B. Funding Policy (Continued)

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the County and School Board. The rates are as follows:

	Employee	Retiree and Spouse	Retiree and Child	Retiree and Children	Family
PPO 1000 Wellness	\$ 545.84	\$ 1,095.84	\$ 690.84	\$ 945.84	\$ 1,345.84
PPO 1000 Non- Wellness	620.84	1,170.84	765.84	1,020.84	1,420.84
PPO 2000 Wellness	442.87	965.40	632.42	854.58	1,193.98
PPO 2000 Non- Wellness	517.87	1,040.40	707.42	929.58	1,268.98
Dental	29.98	59.73	59.73	95.66	95.66
Vision	11.65	17.59	16.75	26.45	26.45

C. Annual OPEB Cost

The County and School Board's annual OPEB cost (expense) is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2011, the County's annual OPEB cost (expense) of \$22,702 exceeded its contribution of \$10,450. The obligation calculation is as follows:

Annual required contribution	\$ 23,100
Interest on net OPEB obligation	895
Adjustment to annual required contribution	(1,293)
Annual OPEB cost (expense)	22,702
Contributions made	10,450
Increase in net OPEB obligation	12,252
Net OPEB obligation - beginning of year	22,363
Net OPEB obligation - end of year	\$ 34,615

County of Patrick, Virginia

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

Note 16-Other Post-Employment Benefits (OPEB): (Continued)

C. Annual OPEB Cost (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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>
6/30/2011 \$	22,702	46%	34,615
6/30/2010	24,563	56%	22,363
6/30/2009	23,800	52%	11,500

For 2011, the School Board's annual OPEB cost (expense) of \$261,075 exceeded its contribution of \$157,500. The obligation calculation is as follows:

Annual required contribution	\$ 265,400
Interest on net OPEB obligation	9,703
Adjustment to annual required contribution	(14,028)
Annual OPEB cost (expense)	<u>261,075</u>
Contributions made	<u>157,500</u>
Increase in net OPEB obligation	<u>103,575</u>
Net OPEB obligation - beginning of year	<u>242,578</u>
Net OPEB obligation - end of year	<u><u>\$ 346,153</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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>
6/30/2010 \$	261,075	60%	346,153
6/30/2010	277,078	57%	242,578
6/30/2009	266,000	54%	122,800

County of Patrick, Virginia

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

Note 16-Other Post-Employment Benefits (OPEB): (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of January 1, 2011, the date of most recent actuarial, is as follows:

Actuarial accrued liability (AAL)	\$	184,800
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	184,800
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	3,043,300
UAAL as a percentage of covered payroll		6.07%

The funded status of the Plan for the School Board as of January 1, 2011, the date of the most recent actuarial, is as follows:

Actuarial accrued liability (AAL)	\$	2,098,300
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	2,098,300
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	8,588,600
UAAL as a percentage of covered payroll		24.43%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual 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, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan 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.

County of Patrick, Virginia

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

Note 16-Other Post-Employment Benefits (OPEB): (Continued)

E. Actuarial Methods and Assumptions (Continued)

In the January 1, 2011, actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflations at 2.5 percent, plus productivity component of 1.25 percent, and investments rate of return at 4.00 percent, and a health care trend rate of 6.40 percent graded to 4.70 percent over 80 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011 was 30 years.

Health Insurance Credit Program

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 10.

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 0.60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$74,087, \$101,224, and \$133,012, respectively and equaled the required contributions for each year.

Note 17-School Board Early Retirement Incentive Program:

The Patrick County School Board offers all eligible full-time employees an early retirement incentive plan. Early retirement is available to those contracted employees who are members of the Virginia Retirement System (VRS) and are eligible to retire with the VRS. The employee must have attained age 50 and not having attained age 65. The employee must have a minimum of 20 years as a participant in the VRS with a minimum of 10 years full-time employment with the Patrick County School Board, including a minimum of five years of full-time employment with Patrick County immediately preceding application for the early retirement program. Additionally, the current full-time

County of Patrick, Virginia

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

Note 17-School Board Early Retirement Incentive Program: (Continued)

employee must be in good standing with the Patrick County School Board and the reason for termination of employment must be retirement. Finally, participants must be approved by the School Board based on availability of funds in the Board's annual budget. The program allows for several different methods of payment depending upon the number of months the participant wishes to be paid. The School Board reserves the right to amend or terminate the program.

Employees may participate in the plan for a maximum of seven years or until the appropriate age for receipt of social security benefits, whichever occurs first. The School Board funds the plan on a pay as you go basis. As of June 30, 2011, the unfunded balance of the early retirement incentive plan totaled \$714,468.

Note 18-Restatement of Beginning Balances:

	Fund Balance		Net Assets
	General Fund	Jail Construction Fund	Governmental Activities
Beginning fund balance/net assets, as previously reported	\$ 6,208,068	\$ 4,363,830	\$ 15,794,182
Decrease in inmate revenues	(1,245)	-	(1,245)
Adjustment to receivables	(54,220)	-	(54,220)
Increase in closing costs	-	(115,100)	(115,100)
Beginning fund balance/net assets, as restated	<u>\$ 6,152,603</u>	<u>\$ 4,248,730</u>	<u>\$ 15,623,617</u>

Required Supplementary Information

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

	<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				
General property taxes	\$ 14,383,212	\$ 14,383,212	\$ 11,046,404	\$ (3,336,808)
Other local taxes	2,062,500	2,062,500	2,092,000	29,500
Permits, privilege fees, and regulatory licenses	64,600	64,600	82,905	18,305
Fines and forfeitures	20,000	20,000	26,708	6,708
Revenue from the use of money and property	47,000	47,000	56,755	9,755
Charges for services	294,394	294,394	308,684	14,290
Miscellaneous	111,466	847,622	169,231	(678,391)
Recovered costs	319,000	370,700	383,544	12,844
Intergovernmental revenues:				
Commonwealth	3,723,631	4,159,486	5,441,459	1,281,973
Federal	12,000	26,164	870,091	843,927
Total revenues	\$ 21,037,803	\$ 22,275,678	\$ 20,477,781	\$ (1,797,897)
EXPENDITURES				
Current:				
General government administration	\$ 1,357,077	\$ 1,395,657	\$ 1,341,103	\$ 54,554
Judicial administration	725,135	731,768	683,627	48,141
Public safety	4,811,244	5,473,757	5,027,159	446,598
Public works	1,281,214	1,364,015	1,361,251	2,764
Health and welfare	2,370,155	2,371,489	1,881,784	489,705
Education	6,629,623	6,629,623	4,607,809	2,021,814
Parks, recreation, and cultural	476,092	487,592	485,882	1,710
Community development	485,059	900,074	890,656	9,418
Capital projects	-	-	-	-
Debt service:				
Principal retirement	-	-	894,887	(894,887)
Interest and other fiscal charges	-	-	1,694,558	(1,694,558)
Total expenditures	\$ 18,135,599	\$ 19,353,975	\$ 18,868,716	\$ 485,259
Excess (deficiency) of revenues over (under) expenditures	\$ 2,902,204	\$ 2,921,703	\$ 1,609,065	\$ (1,312,638)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 82,762	\$ 82,762	\$ 18,909	\$ (63,853)
Transfers out	-	-	(1,170,900)	(1,170,900)
Total other financing sources and uses	\$ 82,762	\$ 82,762	\$ (1,151,991)	\$ (1,234,753)
Net change in fund balances	\$ 2,984,966	\$ 3,004,465	\$ 457,074	\$ (2,547,391)
Fund balances - beginning	(2,270,913)	1,514,095	6,152,603	4,638,508
Fund balances - ending	\$ 714,053	\$ 4,518,560	\$ 6,609,677	\$ 2,091,117

County of Patrick, Virginia
Required Supplementary Information

Schedule of OPEB and Pension Funding Progress
For the Year Ended June 30, 2011

Primary Government: County Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 13,549,904	\$ 17,911,665	\$ 4,361,761	75.65%	\$ 3,992,360	109.25%
June 30, 2009	13,384,629	16,064,467	2,679,838	83.32%	3,968,369	67.53%
June 30, 2008	13,062,222	15,241,221	2,178,999	85.70%	3,914,164	55.67%

County Health Plan - OPEB

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
January 1, 2011	\$ -	\$ 184,800	\$ 184,800	0.00%	\$ 3,043,300	6.07%
January 1, 2009	-	202,300	202,300	0.00%	2,889,900	7.00%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 5,136,602	\$ 6,257,517	\$ 1,120,915	82.09%	\$ 1,669,488	67.14%
June 30, 2009	5,134,989	5,802,251	667,262	88.50%	1,727,794	38.62%
June 30, 2008	5,090,237	5,499,720	409,483	92.55%	1,669,892	24.52%

School Board Health Plan - OPEB

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
January 1, 2011	\$ -	\$ 2,098,300	\$ 2,098,300	0.00%	\$ 8,588,600	24.43%
January 1, 2009	-	2,165,000	2,165,000	0.00%	8,228,300	26.31%

Other Supplementary Information

County of Patrick, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 29,866	\$ 13,497	\$ 43,363
Receivables (net of allowance for uncollectibles):			
Accounts receivable	89	-	89
Total assets	<u>\$ 29,955</u>	<u>\$ 13,497</u>	<u>\$ 43,452</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Restricted for:			
Capital Projects	\$ -	\$ 13,497	\$ 13,497
Committed for:			
Law Library	12,177	-	12,177
Asset Forfeiture	17,778	-	17,778
Total fund balances	<u>\$ 29,955</u>	<u>\$ 13,497</u>	<u>\$ 43,452</u>
Total liabilities and fund balances	<u>\$ 29,955</u>	<u>\$ 13,497</u>	<u>\$ 43,452</u>

County of Patrick, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 126	\$ 168	\$ 294
Charges for services	1,209	-	1,209
Intergovernmental revenues:			
Commonwealth	9,577	-	9,577
Total revenues	<u>\$ 10,912</u>	<u>\$ 168</u>	<u>\$ 11,080</u>
EXPENDITURES			
Current:			
Public safety	<u>\$ 12,135</u>	<u>\$ -</u>	<u>\$ 12,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,223)</u>	<u>\$ 168</u>	<u>\$ (1,055)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>\$ (1,927)</u>	<u>\$ -</u>	<u>\$ (1,927)</u>
Net change in fund balances	\$ (3,150)	\$ 168	\$ (2,982)
Fund balances - beginning	33,105	13,329	46,434
Fund balances - ending	<u><u>\$ 29,955</u></u>	<u><u>\$ 13,497</u></u>	<u><u>\$ 43,452</u></u>

County of Patrick, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	<u>Law Library</u>	<u>Asset Forfeiture</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 12,088	\$ 17,778	\$ 29,866
Receivables (net of allowance for uncollectibles):			
Accounts receivable	89	-	89
Total assets	<u>\$ 12,177</u>	<u>\$ 17,778</u>	<u>\$ 29,955</u>
 Fund balances:			
Committed for:			
Asset Forfeiture	\$ -	\$ 17,778	\$ 17,778
Law Library	12,177	-	12,177
Total fund balances	<u>\$ 12,177</u>	<u>\$ 17,778</u>	<u>\$ 29,955</u>
Total liabilities and fund balances	<u>\$ 12,177</u>	<u>\$ 17,778</u>	<u>\$ 29,955</u>

County of Patrick, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	<u>Law Library</u>	<u>Asset Forfeiture</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ -	\$ 126	\$ 126
Charges for services	1,209	-	1,209
Intergovernmental revenues:			
Commonwealth	-	9,577	9,577
Total revenues	<u>\$ 1,209</u>	<u>\$ 9,703</u>	<u>\$ 10,912</u>
EXPENDITURES			
Current:			
Public safety	\$ -	\$ 12,135	\$ 12,135
Total expenditures	<u>\$ -</u>	<u>\$ 12,135</u>	<u>\$ 12,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,209</u>	<u>\$ (2,432)</u>	<u>\$ (1,223)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>\$ -</u>	<u>\$ (1,927)</u>	<u>\$ (1,927)</u>
Net change in fund balances	\$ 1,209	\$ (4,359)	\$ (3,150)
Fund balances - beginning	10,968	22,137	33,105
Fund balances - ending	<u><u>\$ 12,177</u></u>	<u><u>\$ 17,778</u></u>	<u><u>\$ 29,955</u></u>

County of Patrick, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2011

	Law Library		Variance with Final Budget Positive (Negative)		Asset Forfeiture		Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Budgeted Amounts		Budgeted Amounts		Budgeted Amounts	
	Original	Final	Actual		Original	Final	Actual	
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126
Charges for services	-	-	1,209	1,209	-	-	-	-
Intergovernmental revenues:								
Commonwealth	-	-	-	-	-	-	-	9,577
Total revenues	\$ -	\$ -	\$ 1,209	\$ 1,209	\$ -	\$ -	\$ 9,577	\$ 9,703
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,135	\$ (12,135)
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,135	\$ (12,135)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,209	\$ 1,209	\$ -	\$ -	\$ (2,432)	\$ (2,432)
OTHER FINANCING SOURCES (USES)								
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,927)	\$ (1,927)
Net change in fund balances	\$ -	\$ -	\$ 1,209	\$ 1,209	\$ -	\$ -	\$ (4,359)	\$ (4,359)
Fund balances - beginning	-	-	10,968	10,968	-	-	22,137	22,137
Fund balances - ending	\$ -	\$ -	\$ 12,177	\$ 12,177	\$ -	\$ -	\$ 17,778	\$ 17,778

County of Patrick, Virginia
Capital Projects Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	School Construction Fund				Jail Construction Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 7,680	\$ 7,680	\$ -	\$ -	\$ 8,528	\$ 8,528
Miscellaneous	-	-	42,551	42,551	-	-	-	-
Recovered costs	-	-	-	-	-	-	99,367	99,367
Intergovernmental revenues:								
Commonwealth	-	-	-	-	-	-	259,951	259,951
Total revenues	\$ -	\$ -	\$ 50,231	\$ 50,231	\$ -	\$ -	\$ 367,846	\$ 367,846
EXPENDITURES								
Current:								
Capital projects	\$ -	\$ -	\$ 6,934,870	\$ (6,934,870)	\$ 3,400,000	\$ 3,400,000	\$ 6,711,379	\$ (3,311,379)
Debt service:								
Interest and other fiscal charges	-	-	-	-	-	-	20,548	(20,548)
Total expenditures	\$ -	\$ -	\$ 6,934,870	\$ (6,934,870)	\$ 3,400,000	\$ 3,400,000	\$ 6,731,927	\$ (3,331,927)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (6,884,639)	\$ (6,884,639)	\$ (3,400,000)	\$ (3,400,000)	\$ (6,364,081)	\$ (2,964,081)
OTHER FINANCING SOURCES (USES)								
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,982)	\$ (16,982)
Proceeds of general obligation bonds	-	-	-	-	-	-	2,132,680	2,132,680
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,115,698	\$ 2,115,698
Net change in fund balances	\$ -	\$ -	\$ (6,884,639)	\$ (6,884,639)	\$ (3,400,000)	\$ (3,400,000)	\$ (4,248,383)	\$ (848,383)
Fund balances - beginning, as restated	-	-	7,584,685	7,584,685	-	-	4,248,730	4,248,730
Fund balances - ending	\$ -	\$ -	\$ 700,046	\$ 700,046	\$ (3,400,000)	\$ (3,400,000)	\$ 347	\$ 3,400,347

County of Patrick, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2011

	Park Construction					Variance with Final Budget Positive (Negative)
	Budgeted Amounts					
	Original		Final	Actual		
REVENUES						
Revenue from the use of money and property	\$	-	\$	-	\$	168
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$	-	\$	168
Net change in fund balances	\$	-	\$	-	\$	168
Fund balances - beginning		-		-		13,329
Fund balances - ending	\$	-	\$	-	\$	13,497

FIDUCIARY FUNDS

Special Welfare – The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

DeHart Cemetery – The DeHart Cemetery fund accounts for those funds belonging to the DeHart Cemetery.

Sheriff's Fund– The Sheriff's fund accounts for those funds held by the Sheriff for Inmate Trust and Canteen funds.

County of Patrick, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Dehart Cemetery</u>	<u>Jail Canteen</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 8,611	\$ 6,099	\$ -	\$ 14,710
Cash in custody of others	-	-	2,732	2,732
Total assets	<u>\$ 8,611</u>	<u>\$ 6,099</u>	<u>\$ 2,732</u>	<u>\$ 17,442</u>
LIABILITIES				
Amounts held for Social Services clients	\$ 8,611	\$ -	\$ -	\$ 8,611
Amounts held for DeHart Cemetery	-	6,099	-	6,099
Amounts held for inmates	-	-	2,732	2,732
Total liabilities	<u>\$ 8,611</u>	<u>\$ 6,099</u>	<u>\$ 2,732</u>	<u>\$ 17,442</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund is a special revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 1,029,903
Cash in custody of others	200
Investments	613,612
Due from other governmental units	917,641
Total assets	<u>\$ 2,561,356</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 501,502
Contracts payable	1,004,900
Due to primary government	488,650
Total liabilities	<u>\$ 1,995,052</u>
Fund balances:	
Committed for:	
Education	\$ 200
Cafeteria	566,104
Total fund balances	<u>\$ 566,304</u>
Total liabilities and fund balances	<u>\$ 2,561,356</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 566,304
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,775,094
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	182,991
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(757,730)
Net assets of governmental activities	<u>\$ 9,766,659</u>

County of Patrick, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 9,499
Charges for services	518,767
Miscellaneous	922,616
Recovered costs	58,561
Intergovernmental revenues:	
Local government	4,592,023
Commonwealth	13,913,364
Federal	3,725,869
Total revenues	<u>\$ 23,740,699</u>
EXPENDITURES	
Current:	
Education	\$ 23,978,329
Total expenditures	<u>\$ 23,978,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (237,630)</u>
Net change in fund balances	\$ (237,630)
Fund balances - beginning	803,934
Fund balances - ending	<u>\$ 566,304</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	\$ (237,630)
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.	(541,622)
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.	(132,970)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	(37,420)
Change in net assets of governmental activities	<u>\$ (949,642)</u>

County of Patrick, 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, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 15,000	\$ 15,000	\$ 9,499	\$ (5,501)
Charges for services	812,314	812,314	518,767	(293,547)
Miscellaneous	769,207	769,207	922,616	153,409
Recovered costs	48,000	48,000	58,561	10,561
Intergovernmental revenues:				
Local government	4,370,993	4,370,993	4,592,023	221,030
Commonwealth	15,175,233	15,175,233	13,913,364	(1,261,869)
Federal	3,224,122	3,224,122	3,725,869	501,747
Total revenues	<u>\$ 24,414,869</u>	<u>\$ 24,414,869</u>	<u>\$ 23,740,699</u>	<u>\$ (674,170)</u>
EXPENDITURES				
Current:				
Education	\$ 24,414,869	\$ 24,414,869	\$ 23,978,329	\$ 436,540
Total expenditures	<u>\$ 24,414,869</u>	<u>\$ 24,414,869</u>	<u>\$ 23,978,329</u>	<u>\$ 436,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (237,630)</u>	<u>\$ (237,630)</u>
Net change in fund balances	\$ -	\$ -	\$ (237,630)	\$ (237,630)
Fund balances - beginning	(1,891,665)	(1,891,665)	803,934	2,695,599
Fund balances - ending	<u>\$ (1,891,665)</u>	<u>\$ (1,891,665)</u>	<u>\$ 566,304</u>	<u>\$ 2,457,969</u>

SUPPORTING SCHEDULES

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

Schedule 1
Page 1 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,901,000	\$ 11,901,000	\$ 8,133,497	\$ (3,767,503)
Real and personal public service corporation taxes	283,000	283,000	308,664	25,664
Personal property taxes	1,548,737	1,548,737	1,766,531	217,794
Mobile home taxes	80,475	80,475	71,251	(9,224)
Machinery and tools taxes	570,000	570,000	616,203	46,203
Penalties	-	-	104,015	104,015
Interest	-	-	46,243	46,243
Total general property taxes	\$ 14,383,212	\$ 14,383,212	\$ 11,046,404	\$ (3,336,808)
Other local taxes:				
Local sales and use taxes	\$ 950,000	\$ 950,000	\$ 1,000,648	\$ 50,648
Consumers' utility taxes	474,500	474,500	403,969	(70,531)
Gross receipts tax	9,000	9,000	4,457	(4,543)
Consumption taxes	60,000	60,000	61,161	1,161
Motor vehicle licenses	430,000	430,000	444,089	14,089
Bank stock taxes	14,000	14,000	21,680	7,680
Taxes on recordation and wills	75,000	75,000	57,071	(17,929)
Hotel and motel room taxes	50,000	50,000	98,925	48,925
Total other local taxes	\$ 2,062,500	\$ 2,062,500	\$ 2,092,000	\$ 29,500
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 13,000	\$ 13,000	\$ 12,180	\$ (820)
Animal adoption fees	2,000	2,000	1,882	(118)
Transfer fees	800	800	767	(33)
Erosion and sediment control permits	2,000	2,000	7,827	5,827
Building permits	46,800	46,800	60,249	13,449
Total permits, privilege fees, and regulatory licenses	\$ 64,600	\$ 64,600	\$ 82,905	\$ 18,305
Fines and forfeitures:				
Court fines and forfeitures	\$ 20,000	\$ 20,000	\$ 26,708	\$ 6,708
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 20,013	\$ 10,013
Revenue from use of property	37,000	37,000	36,742	(258)
Total revenue from use of money and property	\$ 47,000	\$ 47,000	\$ 56,755	\$ 9,755
Charges for services:				
Charges for law enforcement and traffic control	\$ 894	\$ 894	\$ 12,676	\$ -
Charges for courthouse maintenance	-	-	5,581	11,782
Charges for courthouse security fees	-	-	24,492	5,581
Charges for court appointed attorney	300	300	510	24,492
Charges for Commonwealth's Attorney	-	-	1,456	210
Miscellaneous court recording fees	8,200	8,200	8,344	1,456
Miscellaneous charges	-	-	262	144

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

Schedule 1
Page 2 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges from services: (Continued)				
Charges for sanitation and waste removal	\$ 280,000	\$ 280,000	\$ 253,490	\$ (26,510)
Charges for parks and recreation	5,000	5,000	1,873	(3,127)
Total charges for services	<u>\$ 294,394</u>	<u>\$ 294,394</u>	<u>\$ 308,684</u>	<u>\$ 14,290</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 111,466</u>	<u>\$ 847,622</u>	<u>\$ 169,231</u>	<u>\$ (678,391)</u>
Recovered costs:				
Care of prisoners	\$ 85,000	\$ 85,000	\$ 66,331	\$ (18,669)
Payroll reimbursements	159,000	159,000	165,038	6,038
Transportation-Area on Aging	29,000	29,000	33,873	4,873
Health department	3,000	3,000	3,519	519
Tobacco firearms tax force	-	-	10,965	10,965
Vehicle patrol	12,000	12,000	10,854	(1,146)
Other recovered costs	31,000	82,700	92,964	10,264
Total recovered costs	<u>\$ 319,000</u>	<u>\$ 370,700</u>	<u>\$ 383,544</u>	<u>\$ 12,844</u>
Total revenue from local sources	<u>\$ 17,302,172</u>	<u>\$ 18,090,028</u>	<u>\$ 14,166,231</u>	<u>\$ (3,923,797)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 40,000	\$ 40,000	\$ 37,124	\$ (2,876)
Motor vehicle rental tax	1,500	1,500	1,559	59
Grantor tax	55,000	55,000	18,355	(36,645)
State recordation tax	-	-	31,648	31,648
Communications tax	500,000	500,000	509,096	9,096
Personal property tax relief funds	688,659	688,659	688,659	-
Total noncategorical aid	<u>\$ 1,285,159</u>	<u>\$ 1,285,159</u>	<u>\$ 1,286,441</u>	<u>\$ 1,282</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 222,869	\$ 222,869	\$ 217,529	\$ (5,340)
Sheriff	1,263,124	1,263,124	1,480,796	217,672
Commissioner of revenue	83,242	83,242	87,559	4,317
Treasurer	78,608	78,608	78,815	207
Medical examiner	750	750	-	(750)
Registrar/electoral board	53,113	53,113	35,941	(17,172)
Clerk of the Circuit Court	206,550	206,550	204,987	(1,563)
Total shared expenses	<u>\$ 1,908,256</u>	<u>\$ 1,908,256</u>	<u>\$ 2,105,627</u>	<u>\$ 197,371</u>
Other categorical aid:				
State welfare funds	\$ 3,000	\$ 3,000	\$ 412,193	\$ 409,193
Comprehensive Services Act	205,764	205,764	53,634	(152,130)
Litter control grant	7,296	7,296	8,260	964

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

Schedule 1
Page 3 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Victim witness grant	\$ 26,632	\$ 26,632	\$ 22,164	\$ (4,468)
Fire programs	55,000	55,000	53,261	(1,739)
Commission for the arts	5,000	5,000	5,000	-
E-911 Wireless Funds	40,000	40,000	39,029	(971)
E-911 grants	160,524	160,524	35,484	(125,040)
Law enforcement grants	-	-	2,321	2,321
Tobacco indemnification funds	-	417,562	1,264,854	847,292
Tourism grants	-	-	124,021	124,021
Mayo River Trail grant	-	18,293	24,201	5,908
Other state grants	12,000	12,000	4,969	(7,031)
Total other categorical aid	\$ 530,216	\$ 966,071	\$ 2,049,391	\$ 1,083,320
Total categorical aid	\$ 2,438,472	\$ 2,874,327	\$ 4,155,018	\$ 1,280,691
Total revenue from the Commonwealth	\$ 3,723,631	\$ 4,159,486	\$ 5,441,459	\$ 1,281,973
Revenue from the federal government:				
Payments in lieu of taxes	\$ 12,000	\$ 12,000	\$ 19,069	\$ 7,069
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 828,807	\$ 828,807
Highway safety	-	14,164	22,155	7,991
Chafee Education and Training	-	-	60	60
Total categorical aid	\$ -	\$ 14,164	\$ 851,022	\$ 836,858
Total revenue from the federal government	\$ 12,000	\$ 26,164	\$ 870,091	\$ 843,927
Total General Fund	\$ 21,037,803	\$ 22,275,678	\$ 20,477,781	\$ (1,797,897)
Nonmajor Special Revenue funds:				
Law Library fund:				
Revenue from local sources:				
Charges for services:				
Law library fees	\$ -	\$ -	\$ 1,209	\$ 1,209
Total Law Library fund	\$ -	\$ -	\$ 1,209	\$ 1,209
Asset Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 126	\$ 126

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

Schedule 1
Page 4 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Nonmajor Special Revenue funds: (Continued)				
Asset Forfeiture Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets - US Treasury	\$ -	\$ -	\$ 9,577	\$ 9,577
Total Asset Forfeiture fund	\$ -	\$ -	\$ 9,703	\$ 9,703
Capital Projects Funds:				
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 7,680	\$ 7,680
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 42,551	\$ 42,551
Total revenue from local sources	\$ -	\$ -	\$ 50,231	\$ 50,231
Total School Construction Fund	\$ -	\$ -	\$ 50,231	\$ 50,231
Jail Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,528	\$ 8,528
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 99,367	\$ 99,367
Total revenue from local sources	\$ -	\$ -	\$ 107,895	\$ 107,895
Revenue from the Commonwealth:				
Categorical aid:				
E-911 grants	\$ -	\$ -	\$ 259,951	\$ 259,951
Total Jail Construction Fund	\$ -	\$ -	\$ 367,846	\$ 367,846
Nonmajor Capital Projects fund:				
Park Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 168	\$ 168
Total Park Construction Fund	\$ -	\$ -	\$ 168	\$ 168
Total Primary Government	\$ 21,037,803	\$ 22,275,678	\$ 20,906,938	\$ (1,368,740)

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

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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Fund:				
School Operating Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,504	\$ 1,504
Revenue from the use of property	15,000	15,000	7,995	(7,005)
Total revenue from use of money and property	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 9,499</u>	<u>\$ (5,501)</u>
Charges for services:				
Transportation of pupils	\$ 84,756	\$ 84,756	\$ 46,504	\$ (38,252)
Cafeteria sales	727,558	727,558	472,263	(255,295)
Total charges for services	<u>\$ 812,314</u>	<u>\$ 812,314</u>	<u>\$ 518,767</u>	<u>\$ (293,547)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 769,207	\$ 769,207	\$ 922,616	\$ 153,409
Recovered costs:				
JROTC	\$ 48,000	\$ 48,000	\$ 58,561	\$ 10,561
Total revenue from local sources	<u>\$ 1,644,521</u>	<u>\$ 1,644,521</u>	<u>\$ 1,509,443</u>	<u>\$ (135,078)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Patrick, Virginia	\$ 4,370,993	\$ 4,370,993	\$ 4,592,023	\$ 221,030
Revenues from the Commonwealth:				
Categorical aid:				
At risk payments	\$ 326,836	\$ 326,836	\$ 326,210	\$ (626)
At risk four year olds	-	-	158,781	158,781
Basic school aid	8,290,527	8,290,527	7,842,347	(448,180)
Early reading intervention	50,541	50,541	59,731	9,190
English as a second language	57,547	57,547	47,344	(10,203)
Fringe benefits-Life insurance	18,903	18,903	18,862	(41)
Fringe benefits-Retirement	308,111	308,111	307,444	(667)
Fringe benefits-Social security	519,819	519,819	518,694	(1,125)
GED Prep	7,859	7,859	7,859	-
Gifted and talented	85,061	85,061	84,877	(184)
Homebound education	-	-	10,051	10,051
Mentor teacher program	2,155	2,155	2,491	336
Occupational vocational education tech	-	-	-	-
Preschool initiatives	412,585	412,585	256,799	(155,786)
Remedial education	258,964	258,964	258,404	(560)
Remedial summer education	118,779	118,779	13,852	(104,927)
Share of state sales tax	2,330,145	2,330,145	2,425,400	95,255
Special education	1,193,473	1,193,473	1,148,671	(44,802)
Standards of Learning algebra readiness	37,672	37,672	39,970	2,298
Textbook payment	99,314	99,314	99,099	(215)
Vocational adult education	-	-	288	288
Vocational education - equipment	-	-	5,383	5,383
Vocational standards of quality payments	281,302	281,302	250,859	(30,443)
Other state funds	543,640	543,640	4,932	(538,708)
VPSA revenue technology education	232,000	232,000	25,016	(206,984)
Total categorical aid	<u>\$ 15,175,233</u>	<u>\$ 15,175,233</u>	<u>\$ 13,913,364</u>	<u>\$ (1,261,869)</u>
Total revenue from the Commonwealth	<u>\$ 15,175,233</u>	<u>\$ 15,175,233</u>	<u>\$ 13,913,364</u>	<u>\$ (1,261,869)</u>

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

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ 3,281	\$ 3,281	\$ 21,986	\$ 18,705
GEAR-UP Grant	-	-	6,252	6,252
Educational technology	17,306	17,306	5,724	(11,582)
REMS-Emergency response grant	63,166	63,166	73,353	10,187
Rural school program	-	-	46,021	46,021
School breakfast program	15,363	15,363	202,750	187,387
School lunch program	535,608	535,608	736,203	200,595
State fiscal stabilization funds	-	-	411,319	411,319
Title I	1,181,832	1,181,832	680,756	(501,076)
Title II, part A	153,224	153,224	156,087	2,863
Title III - Limited English proficient	-	-	268,208	268,208
Title VI-B, special education flow-through	1,147,756	1,147,756	452,876	(694,880)
Title VI-B, special education flow-through - ARRA	-	-	594,075	594,075
Title VI-B, special education pre-school	28,402	28,402	11,056	(17,346)
Vocational education	60,811	60,811	59,203	(1,608)
Total categorical aid	\$ 3,224,122	\$ 3,224,122	\$ 3,725,869	\$ 501,747
Total revenue from the federal government	\$ 3,224,122	\$ 3,224,122	\$ 3,725,869	\$ 501,747
Total Discretely Presented Component Unit - School Board	\$ 24,414,869	\$ 24,414,869	\$ 23,740,699	\$ (674,170)

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

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<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	\$ 137,027	\$ 147,136	\$ 148,521	\$ (1,385)
General and financial administration:				
County administrator	\$ 331,945	\$ 355,416	\$ 325,342	\$ 30,074
Audit services	52,500	52,500	52,161	339
Legal services	39,740	39,740	39,621	119
Commissioner of revenue	267,785	267,785	265,064	2,721
DMV agent office	53,540	53,540	53,472	68
Treasurer	312,476	317,476	310,868	6,608
Tax mapping	46,601	46,601	46,197	404
Total general and financial administration	\$ 1,104,587	\$ 1,133,058	\$ 1,092,725	\$ 40,333
Board of elections:				
Electoral board and officials	\$ 42,450	\$ 42,450	\$ 31,446	\$ 11,004
Registrar	73,013	73,013	68,411	4,602
Total board of elections	\$ 115,463	\$ 115,463	\$ 99,857	\$ 15,606
Total general government administration	\$ 1,357,077	\$ 1,395,657	\$ 1,341,103	\$ 54,554
Judicial administration:				
Courts:				
Circuit court	\$ 77,122	\$ 77,122	\$ 51,050	\$ 26,072
General district court	5,450	5,450	4,880	570
Special magistrates	3,350	3,350	2,400	950
Juvenile and domestic relations court	8,464	8,464	7,943	521
Juvenile and domestic relations court services	12,320	12,320	9,163	3,157
Victim witness program	26,362	26,362	26,322	40
Clerk of the circuit court	291,602	298,235	280,826	17,409
Total courts	\$ 424,670	\$ 431,303	\$ 382,584	\$ 48,719
Commonwealth's attorney:				
Commonwealth's attorney	\$ 300,465	\$ 300,465	\$ 301,043	\$ (578)
Total judicial administration	\$ 725,135	\$ 731,768	\$ 683,627	\$ 48,141
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,614,385	\$ 1,857,911	\$ 1,775,997	\$ 81,914
Sheriff-school resource officer	217,052	231,954	283,620	(51,666)
Sheriff-courtroom security	37,678	37,678	33,368	4,310
Total law enforcement and traffic control	\$ 1,869,115	\$ 2,127,543	\$ 2,092,985	\$ 34,558
Fire and rescue services:				
Volunteer fire departments	\$ 397,436	\$ 397,436	\$ 433,244	\$ (35,808)
Volunteer emergency operations	220,989	220,989	198,780	22,209
E-911 department	468,043	512,222	369,219	143,003
Total fire and rescue services	\$ 1,086,468	\$ 1,130,647	\$ 1,001,243	\$ 129,404

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

Schedule 2
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Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
County operated institutions	\$ 1,360,829	\$ 1,530,675	\$ 1,413,237	\$ 117,438
Institutional care	14,613	14,613	14,613	-
Total correction and detention	<u>\$ 1,375,442</u>	<u>\$ 1,545,288</u>	<u>\$ 1,427,850</u>	<u>\$ 117,438</u>
Inspections:				
Building	\$ 140,301	\$ 140,301	\$ 138,145	\$ 2,156
Other protection:				
Animal control	\$ 111,227	\$ 114,227	\$ 108,883	\$ 5,344
Forestry services	16,125	16,125	16,125	-
Erosion and soil	18,377	18,377	14,175	4,202
Emergency services	168,439	355,499	227,573	127,926
Emergency management grants	25,000	25,000	-	25,000
Medical examiner	750	750	180	570
Total other protection	<u>\$ 339,918</u>	<u>\$ 529,978</u>	<u>\$ 366,936</u>	<u>\$ 163,042</u>
Total public safety	<u>\$ 4,811,244</u>	<u>\$ 5,473,757</u>	<u>\$ 5,027,159</u>	<u>\$ 446,598</u>
Public works:				
Sanitation and waste removal:				
Public service authority	\$ -	\$ 11,152	\$ 13,184	\$ (2,032)
Refuse collection and disposal	627,059	627,059	585,657	41,402
Recycling program	7,296	7,296	7,839	(543)
Total sanitation and waste removal	<u>\$ 634,355</u>	<u>\$ 645,507</u>	<u>\$ 606,680</u>	<u>\$ 38,827</u>
Maintenance of general buildings and grounds:				
General properties	\$ 646,859	\$ 718,508	\$ 754,571	\$ (36,063)
Total public works	<u>\$ 1,281,214</u>	<u>\$ 1,364,015</u>	<u>\$ 1,361,251</u>	<u>\$ 2,764</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 153,331	\$ 153,331	\$ 153,011	\$ 320
Mental health and mental retardation:				
Mental health	\$ 26,000	\$ 27,334	\$ 25,740	\$ 1,594
Contribution to local community services board	44,435	44,435	44,435	-
Total mental health and mental retardation	<u>\$ 70,435</u>	<u>\$ 71,769</u>	<u>\$ 70,175</u>	<u>\$ 1,594</u>
Welfare:				
Chapter X Board				
Transportation for the elderly	\$ -	\$ -	\$ 53,860	\$ (53,860)
Public assistance	1,870,603	1,870,603	1,527,852	342,751
Comprehensive services	275,786	275,786	76,886	198,900
Total welfare	<u>\$ 2,146,389</u>	<u>\$ 2,146,389</u>	<u>\$ 1,658,598</u>	<u>\$ 487,791</u>
Total health and welfare	<u>\$ 2,370,155</u>	<u>\$ 2,371,489</u>	<u>\$ 1,881,784</u>	<u>\$ 489,705</u>

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

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<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)				
Education:				
Other instructional costs:				
Contributions to Community College	\$ 15,786	\$ 15,786	\$ 15,786	\$ -
Contribution to County School Board	6,613,837	6,613,837	4,592,023	2,021,814
Total education	<u>\$ 6,629,623</u>	<u>\$ 6,629,623</u>	<u>\$ 4,607,809</u>	<u>\$ 2,021,814</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 186,602	\$ 198,102	\$ 194,723	\$ 3,379
DeHart park	27,508	27,508	29,177	(1,669)
Total parks and recreation	<u>\$ 214,110</u>	<u>\$ 225,610</u>	<u>\$ 223,900</u>	<u>\$ 1,710</u>
Library:				
Contribution to regional library	\$ 261,982	\$ 261,982	\$ 261,982	\$ -
Total parks, recreation, and cultural	<u>\$ 476,092</u>	<u>\$ 487,592</u>	<u>\$ 485,882</u>	<u>\$ 1,710</u>
Community development:				
Planning and community development:				
Community development				-
Planning	\$ 82,246	\$ 82,246	\$ 79,873	\$ 2,373
Tourism and economic development	216,894	631,909	628,364	3,545
Total planning and community development	<u>\$ 299,140</u>	<u>\$ 714,155</u>	<u>\$ 708,237</u>	<u>\$ 5,918</u>
Environmental management:				
Soil and water district	\$ 99,669	\$ 99,669	\$ 98,353	\$ 1,316
Cooperative extension program:				
Extension office	\$ 86,250	\$ 86,250	\$ 84,066	\$ 2,184
Total community development	<u>\$ 485,059</u>	<u>\$ 900,074</u>	<u>\$ 890,656</u>	<u>\$ 9,418</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 894,887	\$ (894,887)
Interest and other fiscal charges	-	-	1,694,558	(1,694,558)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,589,445</u>	<u>\$ (2,589,445)</u>
Total General Fund	<u>\$ 18,135,599</u>	<u>\$ 19,353,975</u>	<u>\$ 18,868,716</u>	<u>\$ 485,259</u>

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

Schedule 2
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Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Public safety:				
Sheriff				
Sheriff	\$ -	\$ -	\$ 12,135	\$ (12,135)
Total public safety	\$ -	\$ -	\$ 12,135	\$ (12,135)
Total Asset Forfeiture fund	\$ -	\$ -	\$ 12,135	\$ (12,135)
Capital Projects Funds:				
School Construction Fund:				
Education:				
Capital Projects:				
Capital projects expenditures:				
County schools	\$ -	\$ -	\$ 6,934,870	\$ (6,934,870)
Total School Construction Fund	\$ -	\$ -	\$ 6,934,870	\$ (6,934,870)
Jail Construction Fund:				
Public Safety:				
Capital projects expenditures:				
Jail construction	\$ 3,400,000	\$ 3,400,000	\$ 6,711,379	\$ (3,311,379)
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 20,548	\$ (20,548)
Total Jail Construction Fund	\$ 3,400,000	\$ 3,400,000	\$ 6,731,927	\$ (3,331,927)
Total Primary Government	\$ 21,535,599	\$ 22,753,975	\$ 32,547,648	\$ (9,793,673)
Discretely Presented Component Unit - School Board:				
Special Revenue Fund:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,034,065	\$ 1,034,065	\$ 989,534	\$ 44,531
Instruction costs:				
Instructional costs	\$ 16,135,790	\$ 16,135,790	\$ 15,942,355	\$ 193,435
Technology	1,681,666	1,681,666	1,375,438	306,228
Total instruction costs	\$ 17,817,456	\$ 17,817,456	\$ 17,317,793	\$ 499,663
Operating costs:				
Pupil transportation	\$ 1,971,431	\$ 1,971,431	\$ 1,967,218	\$ 4,213
Operation and maintenance of school plant	1,975,137	1,975,137	2,107,974	(132,837)
Food service and non-instructional	1,463,680	1,463,680	1,471,119	(7,439)
Facilities	153,100	153,100	124,691	28,409
Total operating costs	\$ 5,563,348	\$ 5,563,348	\$ 5,671,002	\$ (107,654)
Total Discretely Presented Component Unit - School Board	\$ 24,414,869	\$ 24,414,869	\$ 23,978,329	\$ 436,540

OTHER STATISTICAL INFORMATION

Table 1

County of Patrick, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

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
2002-03	\$ 1,082,130	\$ 372,287	\$ 2,922,866	\$ 810,973	\$ 1,893,928	\$ 4,826,712	\$ 469,366	\$ 1,113,809	\$ 173,819	\$ 13,665,890
2003-04	941,615	408,734	2,942,618	978,486	2,078,590	5,053,352	470,946	611,415	195,215	13,680,971
2004-05	1,034,302	433,282	3,105,626	1,008,674	1,994,262	4,753,131	382,857	459,779	252,716	13,424,629
2005-06	1,132,221	583,420	3,425,684	1,045,831	2,151,065	6,080,413	478,207	1,015,252	280,402	16,192,495
2006-07	1,225,705	642,820	3,532,711	1,055,030	2,326,628	5,312,382	464,502	828,665	306,986	15,695,429
2007-08	1,222,345	709,671	4,215,735	954,762	2,068,880	4,285,042	473,847	711,153	294,660	14,936,095
2008-09	1,584,552	691,303	4,319,757	1,107,198	2,082,146	5,180,863	468,144	1,095,023	1,624,607	18,153,593
2009-10	1,077,862	685,860	4,511,176	1,201,585	2,139,605	4,305,245	469,560	629,129	1,655,271	16,675,293
2010-11	1,101,780	682,045	5,012,068	1,352,902	1,676,559	5,021,544	479,442	931,949	1,876,169	18,134,458

(1) Information has only been available for 9 years.

Table 2

County of Patrick, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses (2)	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2002-03	\$ 284,077	\$ 3,290,489	\$ 575,398	\$	6,073,690	2,094,412	43,529	67,263	170,039	945,109	\$	13,544,006
2003-04	380,775	3,695,869	-		6,601,509	2,127,021	-	44,755	126,027	819,947		13,795,903
2004-05	369,109	3,733,292	331,257		6,641,227	2,239,910	-	107,924	161,949	779,040		14,363,708
2005-06	393,321	3,756,557	414,220		6,786,638	2,333,206	-	186,450	322,108	811,469		15,003,969
2006-07	463,980	4,147,987	-		7,441,662	2,547,851	-	289,950	491,421	842,449		16,225,300
2007-08	447,665	4,242,428	-		7,836,345	2,567,256	-	214,606	218,250	822,611		16,349,161
2008-09	382,472	4,455,190	-		8,415,767	2,447,820	-	469,510	257,645	830,592		17,258,996
2009-10	378,658	4,179,204	-		15,383,094	2,522,670	-	138,459	210,229	780,677		23,593,001
2010-11	419,506	5,280,932	-		11,194,692	2,092,000	-	73,257	211,782	1,305,510		20,577,679

(1) Information has only been available for 9 years.

(2) Reported as charges for services after fiscal year 2003.

Table 3

County of Patrick, Virginia
General Governmental Expenditures by Function (1)
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	Capital Projects	Debt Service (3)	Total
2000-01	\$ 882,192	\$ 362,692	\$ 2,848,386	\$ 796,043	\$ 1,956,812	\$ 18,002,984	\$ 473,425	\$ 793,344	\$ 1,338,864	\$ 322,327	\$ 27,777,069
2001-02	1,031,577	378,879	3,067,300	859,602	2,216,699	17,847,558	477,483	584,911	1,805,592	1,227,573	29,497,164
2002-03	1,036,250	367,715	3,014,272	861,827	2,144,171	18,765,470	480,657	1,175,029	-	989,665	28,835,056
2003-04	1,173,096	402,020	2,973,490	1,111,459	2,258,159	19,604,713	485,853	660,934	-	394,361	29,064,085
2004-05	945,969	433,240	3,353,888	1,004,096	2,058,384	21,562,137	405,433	762,445	-	2,738,804	33,264,396
2005-06	1,117,000	589,718	3,539,192	1,020,221	2,152,571	22,784,593	473,507	1,018,687	12,659	2,948,381	35,656,529
2006-07	1,320,707	641,713	3,698,404	1,038,084	2,140,510	24,694,985	463,105	819,484	88,339	702,909	35,608,250
2007-08	1,399,768	707,194	4,315,273	1,108,816	2,116,840	25,187,115	479,063	738,191	190,213	695,101	36,937,574
2008-09	1,651,467	684,346	4,264,669	1,097,246	2,112,049	26,238,244	467,347	1,100,351	371,799	3,199,611	41,187,129
2009-10	1,284,573	707,881	4,714,035	1,192,312	2,045,307	25,716,881	469,691	632,530	424,283	2,740,203	39,927,696
2010-11	1,341,103	683,627	5,039,294	1,361,251	1,881,784	23,994,115	485,882	890,656	-	2,589,445	38,267,157

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Units. Excludes Capital Projects funds.

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

(3) In fiscal years 2000, 2002, 2003, 2005, 2006 and 2009 temporary loans were replaced with permanent financing.

Table 4

County of Patrick, Virginia
General Governmental Revenues by Source (1)
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
2000-01	\$ 6,029,187	\$ 2,135,858	\$ 42,433	\$ 14,935	\$ 221,159	\$ 869,139	\$ 277,874	\$ 316,233	\$ 17,061,364	\$ 26,968,782
2001-02	6,006,346	2,094,479	55,301	22,677	79,463	800,792	383,027	623,464	17,604,183	27,669,732
2002-03	6,075,872	2,094,412	43,529	17,378	66,979	789,446	513,606	591,563	18,051,972	28,244,757
2003-04	6,652,753	2,127,021	102,356	15,234	48,402	783,516	541,211	598,154	18,231,814	29,100,461
2004-05	6,720,372	2,239,910	105,549	13,105	99,633	771,702	792,287	618,886	20,698,988	32,060,432
2005-06	6,846,590	2,333,206	121,550	16,136	208,561	820,916	726,079	223,159	20,745,817	32,042,014
2006-07	7,447,603	2,547,851	144,680	16,744	288,667	926,167	1,736,700	227,824	23,416,171	36,752,407
2007-08	7,813,330	2,567,256	157,188	10,023	269,548	893,715	1,225,706	459,146	24,303,721	37,699,633
2008-09	8,352,446	2,447,820	79,547	21,077	139,685	891,725	1,518,793	386,563	25,302,825	39,140,481
2009-10 (3)	15,487,478	2,522,670	81,406	28,251	78,867	820,319	1,215,160	573,619	24,709,818	45,517,588
2010-11	11,046,404	2,092,000	82,905	26,708	66,548	828,660	1,091,847	442,105	23,875,791	39,552,968

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Units. Excludes Capital Projects funds.

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

(3) 2009-2010 was the first year that the County implemented twice-year collections for real estate.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2001-02	\$ 6,702,609	\$ 6,444,776	96.15%	\$ 182,857	\$ 6,627,633	98.88%	\$ 417,761	6.23%
2002-03	6,767,654	6,503,987	96.10%	151,298	6,655,285	98.34%	496,732	7.34%
2003-04	7,182,806	6,955,175	96.83%	248,288	7,203,463	100.29%	501,011	6.98%
2004-05	7,223,055	7,008,651	97.03%	213,557	7,222,208	99.99%	429,200	5.94%
2005-06	7,417,423	7,210,535	97.21%	188,151	7,398,686	99.75%	310,305	4.18%
2006-07	8,044,859	7,946,376	98.78%	104,898	8,051,274	100.08%	331,814	4.12%
2007-08	8,458,012	8,268,406	97.76%	111,581	8,379,987	99.08%	450,970	5.33%
2008-09	8,982,398	8,680,030	96.63%	226,047	8,906,077	99.15%	442,164	4.92%
2009-10 (3)	14,853,858	14,781,753	99.51%	252,948	15,034,701	101.22%	857,981	5.78%
2010-11	10,729,935	10,274,440	95.75%	186,770	10,461,210	97.50%	811,357	7.56%

(1) Exclusive of penalties and interest.

(2) Exclusive of land redemptions.

(3) 2009-2010 was the first year that the County implemented twice-year collections for real estate. There was a bookkeeping change relative to stated real estate levies. The real estate levies include the 9009 taxes and the 1st half of the 2010 taxes which were due June, 2010.

(4) Twice year collections are calculated on the billings of December of the first year and June of the second year.

Table 6

County of Patrick, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (3)	Personal Property and Mobile Homes (3)	Machinery and Tools (3)	Public Utility (2)		Total
				Real Estate and	Personal Property	
2001-02	668,711,988	148,848,713	53,990,174	37,055,605		908,606,480
2002-03	683,120,647	149,261,751	51,820,931	35,788,793		919,992,122
2003-04(4)	903,943,352	143,224,423	37,073,694	45,971,626		1,130,213,095
2004-05	913,335,888	139,623,061	38,362,945	51,732,483		1,143,054,377
2005-06	931,347,500	149,112,253	36,646,614	50,005,093		1,167,111,460
2006-07	955,586,500	152,468,400	34,893,928	48,468,115		1,191,416,943
2007-08	975,752,332	157,084,700	36,477,566	41,899,151		1,211,213,749
2008-09	997,044,265	164,010,669	39,389,750	41,780,249		1,242,224,933
2009-10(4)	2,558,862,025	152,193,677	39,433,886	65,732,477		2,816,222,065
2010-11	1,724,443,955	161,488,870	36,202,239	64,197,225		1,986,332,289

(1) Assessed at 100% of fair market value.

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

(3) Assessed values are established by the local Commissioner of the Revenue.

(4) A six year assessment was performed significantly increasing assessed values as shown.

(4) 2009-10 was the first year that the County implemented twice-year collections. The assessed values include 2009 taxes and the 1st half of 2010 taxes which were due in June 2010.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Home
2001-02	0.58	1.36	1.36	0.58
2002-03	0.58	1.36	1.36	0.58
2003-04	0.50	1.46	1.36	0.50
2004-05	0.50	1.46	1.36	0.50
2005-06	0.50	1.46	1.36	0.50
2006-07	0.50	1.71	1.71	0.50
2007-08	0.53	1.71	1.71	0.53
2008-09	0.55	1.71	1.71	0.55
2009-10 (2)	0.48	1.71	1.71	0.48
2010-11	0.48	1.71	1.71	0.48

(1) Per \$100 of assessed value.

(2) Due to a reassessment performed during 2008, tax rates were reduced for real estate and mobile homes to \$0.48 as shown above.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Gross and Net Bonded Debt(3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2001-02	19,407	908,606	5,178,106	5,178,106	0.57%	267
2002-03	19,407	919,992	4,835,185	4,835,185	0.53%	249
2003-04	19,407	1,130,213	6,855,888	6,855,888	0.61%	353
2004-05	19,407	1,143,054	6,842,943	6,842,943	0.60%	353
2005-06	19,407	1,167,111	7,486,891	7,486,891	0.64%	386
2006-07	19,407	1,191,417	7,124,029	7,124,029	0.60%	367
2007-08	19,407	1,211,214	6,756,122	6,756,122	0.56%	348
2008-09	19,407	1,242,225	31,307,832	31,307,832	2.52%	1,613
2009-10	19,407	2,816,223	36,706,993	36,706,993	1.30%	1,891
2010-11	18,490	1,986,332	35,812,106	35,812,106	1.80%	1,937

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2001-02	\$ 1,081,285	\$ 146,288	\$ 1,227,573	\$ 29,497,164	4.16%
2002-03	811,975	177,690	989,665	28,835,056	3.43%
2003-04	207,814	186,547	394,361	29,064,085	1.36%
2004-05 (2)	2,453,126	285,678	2,738,804	33,264,396	8.23%
2005-06 (3)	2,662,710	285,671	2,948,381	35,656,529	8.27%
2006-07	382,157	320,752	702,909	35,608,250	1.97%
2007-08	389,871	305,230	695,101	36,937,574	1.88%
2008-09 (4)	2,096,638	1,102,973	3,199,611	41,187,129	7.77%
2009-10	895,839	1,530,898	2,426,737	39,927,696	6.08%
2010-11	894,887	1,694,558	2,589,445	38,267,157	6.77%

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

(2) Bond anticipation notes replaced by permanent financing in the amount of \$2,071,854.

(3) Bond anticipation notes replaced by permanent financing in the amount of \$2,289,060.

(4) Bond anticipation notes replaced by permanent financing in the amount of \$1,500,000.

COMPLIANCE SECTION

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 Members of the Board of Supervisors
County of Patrick, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Patrick, Virginia's basic financial statements and have issued our report thereon dated November 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, (reference 2011-1). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Patrick, Virginia in a separate letter dated November 7, 2011.

The County of Patrick, 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 the County of Patrick, 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.

Robinson, Fauser, Cox Associates

Christiansburg, Virginia
November 7, 2011

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 Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Members of the Board of Supervisors
County of Patrick, Virginia

Compliance

We have audited the County of Patrick, 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 the County of Patrick, Virginia's major federal programs for the year ended June 30, 2011. The County of Patrick, 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 Patrick, Virginia's management. Our responsibility is to express an opinion on the County of Patrick, 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 the County of Patrick, 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 the County of Patrick, Virginia's compliance with those requirements.

In our opinion, the County of Patrick, 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, 2011.

Internal Control Over Compliance

Management of the County of Patrick, 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 the County of Patrick, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Patrick, 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, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Turner, Co. Associates

Christiansburg, Virginia
November 7, 2011

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

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:			
Child Care and Development Fund Cluster:			
Child Care Cluster-Child Care and Development Block Grant	93.575	90544, 90545	\$ 84,171
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	50,267
Promoting Safe and Stable Families	93.556	90249, 90360	12,266
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	187,878
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	286
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	11,523
Child Welfare Services - State Grants	93.645	90251	710
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	51,686
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	12,264
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	142,554
Chafee Foster Care Independence Program	93.674	90254	1,827
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	4,880
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	100,078
Chafee Education and Training Vouchers Program	93.599	90353	60
Total Department of Health and Human Services			<u>\$ 660,450</u>
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems	10.760		<u>\$ 1,455,371</u>
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster-Food Distribution (Note 2)	10.555	40623	\$ 89,933
Department of Education:			
Child Nutrition Cluster:			
National school breakfast program	10.553		202,750
National school lunch program	10.555	40623	646,270
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	161,019
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		7,398
Total Department of Agriculture - pass-through payments			<u>\$ 1,107,370</u>
Total Department of Agriculture			<u>\$ 2,562,741</u>

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC-2010 50357 3977	\$ 22,155
Department of Education:			
Pass Through Payments:			
Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	84.027	43071	\$ 452,876
ARRA - Special Education-Grants to States	84.391	61245	594,075
Special Education-Preschool Grants	84.173	62521	11,056
Education Technology State Grants	84.318	61600	5,724
Title I: Grants to local educational agencies	84.010	42892, 42901	680,756
Adult Basic Education	84.002		21,986
Career and Technical Education: Basic grants to states	84.048	61095	59,203
Safe and Drug Free Schools and Communities-National Programs	84.184		73,353
English Language Acquisition Grants	84.365		268,208
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		6,252
Rural Education Achievement Program	84.358		46,021
Improving Teacher Quality-State Grants	84.367	61480	156,087
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532	411,319
Total Department of Education			\$ 2,786,916
Total Expenditures of Federal Awards			\$ 6,032,262

See accompanying notes to schedule of expenditures of federal awards.

County of Patrick, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Patrick, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Patrick, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Patrick, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2011, the County had no food commodities in inventory.

Note 4 -- Relationship to the 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	<u>\$ 870,091</u>
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Component Unit Schools:

School Operating Fund	<u>\$ 3,725,869</u>
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Reconciling items:

Federal government payment in lieu of taxes not considered federal grant award	\$ (19,069)
Loan proceeds - PSA fund	<u>1,455,371</u>

Total federal expenditures per basic financial statements	<u><u>\$ 6,032,262</u></u>
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COUNTY OF PATRICK, VIRGINIA

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173/84.391	Special Education Cluster (IDEA)
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants
84.010	Title I
10.760	Water and Waste Disposal Systems

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

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2011

Section II - Financial Statement Findings

2011-1

Criteria:

Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.

Condition:

The County's 2011 adjusted trial balance required significant adjustments that were proposed by the auditors.

Cause of Condition:

The County has historically relied on the auditors for assistance in preparing the financial statements and related adjustments.

Effect of Condition:

There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation:

Management should continue to implement and follow review procedures in order to make adjustments in a timely manner.

Management's

Response:

Management is dedicated to complying with the concepts set forth by auditing standards and will make efforts in the future to eliminate material errors from its adjusted trial balance.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior audit findings related to federal awards.