

**COUNTY OF PATRICK, VIRGINIA**

**FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2013**

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**COUNTY OF PATRICK, VIRGINIA**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2013**

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## **INTRODUCTORY SECTION**

## COUNTY OF PATRICK, VIRGINIA

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### BOARD OF SUPERVISORS

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Crystal Harris, Vice-chair  
Karl Weiss

Danny Foley, Chair

Lock Boyce  
Roger Hayden

### COUNTY SCHOOL BOARD

---

Quinn Brim, Vice-chair  
Annie Hylton

Ronnie Terry, Chair

Michelle Day  
Bobby Mangrum

### SOCIAL SERVICES BOARD

---

James Houchins, Vice-chair  
Angie Cassell

Alan Ullring, Chair

Leon Sawyers  
Greta Payne

### OTHER OFFICIALS

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Clerk of the Circuit Court .....	Susan C. Gasperini
Commonwealth's Attorney .....	Stephanie Brinegar-Vipperman
Commissioner of the Revenue .....	Janet H. Rorrer
Treasurer .....	Sandra K. Stone
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

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

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## ***Opinions***

In our opinion, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As described in Notes 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

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

### ***Other Information***

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

### *Other Information (Continued)*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report February 4, 2014, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Patrick, Virginia's internal control over financial reporting and compliance.

*Robinson, Turner, Co. Associates*

Blacksburg, Virginia  
February 4, 2014

## 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, 2013. 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 and deferred inflows of resources at the close of the fiscal year by \$19,231,147 (Net Position). Of this amount, \$8,294,077 was considered unrestricted.
- The assets of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,706,295 (Net Position).
- The assets of the School Board component unit exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,753,665 (Net Position).
- The assets of the EDA component unit exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,226,572 (Net Position). Of this amount, \$132,174 was considered unrestricted.
- As of the close of the current fiscal year, the County's reported combined ending fund balance was \$8,275,055. Of this amount, \$7,153,078 was considered unassigned, \$1,023,413 was considered restricted, and \$98,564 was considered committed to specific funds.
- During the year, the County's governmental expenditures exceeded revenues by \$2,620,373.

## 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 Position (Exhibit 1) presents information on all of the County's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (Exhibit 2) presents information showing how the County's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in 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). Patrick County's governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation. 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.

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 Position. 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 Position may serve as a useful indicator of a County's financial position. In the case of the of the County's Primary Government, assets exceed liabilities by \$20,937,442 at the close of the most recent fiscal year.

The largest portion of the County's Net Position, \$11,329,628, 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. \$1,023,413 of the County's net asset amount is restricted for capital projects. The remaining balance of Net Position, \$8,584,401 is unrestricted and may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position for 2013 and 2012.

#### Statement of Net Position

	Governmental and Business-type Activities 2013	Governmental and Business-type Activities 2012
Current and other assets	\$16,302,107	\$19,112,626
Capital and other assets	51,603,690	51,501,357
Total assets	<u>\$67,905,797</u>	<u>\$70,613,983</u>
Current and other liabilities	\$3,640,247	\$6,557,394
Long-term liabilities	39,169,424	40,484,042
Total Liabilities	<u>\$42,809,671</u>	<u>\$47,041,436</u>
Deferred Inflows of Resources	<u>\$4,158,684</u>	<u>\$0</u>
Net Position:		
Net Investment in Capital Assets	\$11,329,628	\$10,530,291
Restricted for Capital Projects	1,023,413	4,303,662
Unrestricted	8,584,401	8,738,594
Total Net Position	<u><u>\$20,937,442</u></u>	<u><u>\$23,572,547</u></u>

The following table summarizes the County's Statement of Activities for 2013 and 2012.

Statement of Activities:	Governmental and Business-type Activities 2013	Governmental and Business-type Activities 2012
Program revenues		
Charges for services	\$ 400,289	\$ 380,937
Operating grants and contributions	5,937,033	4,205,478
General revenues		
Property taxes	11,277,130	11,311,703
Other taxes	2,205,676	2,120,029
Revenue from use of money and property	37,613	13,462
Miscellaneous	185,323	236,058
Grants and contributions not restricted to specific programs	1,321,311	1,245,402
Gain on disposal of asset	-	1,481,304
Total revenues	\$ 21,364,375	\$ 20,994,373
Expenses		
General government	\$ 1,129,245	\$ 1,080,635
Judicial administration	720,041	687,006
Public safety	5,294,984	2,857,489
Public works	1,503,581	1,434,679
Health and welfare	1,715,921	1,734,701
Education	8,434,803	4,821,016
Parks, recreation and cultural	497,565	171,656
Community development	1,961,182	870,585
Interest on debt	1,737,202	1,778,415
Total expenses	\$ 22,994,524	\$ 15,436,182
Change in net position	\$ (1,630,149)	\$ 5,558,191

#### 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 \$8,275,055. Approximately 12.4% of this total amount, \$1,023,413, constitutes restricted fund balance, and 1.2% of the total amount, \$98,564, constitutes committed fund balance, both of which are not available for current spending as these have been restricted by or committed to external parties such as grantors, laws or legislation. The remaining balance, \$7,153,078, or 86.4%, is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the County. As stated above, at the end of the current fiscal year, total fund balance of the general fund was \$7,153,078, all of which is considered unassigned.

Total governmental fund revenues for fiscal year ended June 30, 2013 decreased \$1,155,762 and expenses increased \$1,464,611 over prior year amounts. For fiscal year ended June 30, 2013, expenses exceeded revenues by \$2,620,373, as compared to the fiscal year ended June 30, 2012, in which revenues exceeded expenses by \$324,239.

#### General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. Exhibit 11 provides detail of the variances.

#### Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds as of June 30, 2013 amounts to \$46,679,079 (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 \$4,924,611 (net of accumulated depreciation). This investment in capital assets is for public utilities. Capital asset activity for the school board as of June 30, 2013, amounts to \$10,492,143 (net of accumulated depreciation).

Additional information on the County of Patrick’s capital assets can be found in Note 10 of this report.



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

Governmental Activities:	
General Obligation Bonds	\$ 8,527,870
Lease Revenue Note	23,140,000
Bond Premiums	252,565
Bond Discount	(144,100)
Literary Loans	2,055,000
Capital Leases	2,934,087
Compensated Absences	503,134
Net OPEB Obligation	59,516
Total	<u>\$ 37,328,072</u>
Business-type Activities:	
Rural Development Loans	3,508,640
Total	<u>\$ 3,508,640</u>

Additional information on the County of Patrick's long-term liabilities can be found in Note 6 of this report.

Capital Lease – The County has entered into a lease agreement to finance the acquisition of energy efficient equipment to be used by the public schools. The asset value of the lease is \$3,011,727 (net of accumulated depreciation). The present value of the lease agreement is \$2,934,087. Note 7 provides additional details of the future minimum lease obligation.

Long-Term Liabilities – Component Unit-School Board

Net OPEB Obligation	\$ 576,675
Compensated Absences	415,395
Total	<u>\$ 992,070</u>

Additional information on the County of Patrick's long-term liabilities for the School Board can be found in Note 8 of this report.

Economic Factors

The June 2013 unemployment rate for the County of Patrick, Virginia was 7.6%, which is a slight decrease from the rate of 7.7% in June 2012.

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.

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## **Basic Financial Statements**

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County of Patrick, Virginia  
Statement of Net Position  
June 30, 2013

	Primary Government			Component	Component
	Governmental	Business-type		Unit	Unit
	Activities	Activities	Total	School Board	EDA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,590,668	\$ 416,362	\$ 7,007,030	\$ 1,035,995	\$ 52,094
Cash in custody of others	14,939	-	14,939	200	-
Investments	4,222,460	-	4,222,460	324,718	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,226,942	-	4,226,942	-	-
Other local taxes	95,109	-	95,109	-	-
Accounts receivable	48,755	11,281	60,036	-	67,500
Interest receivable	-	-	-	-	8,100
Due from primary government	-	-	-	24,176	-
Due from other governmental units	675,591	-	675,591	445,014	-
Prepaid items	-	-	-	-	4,509
Capital assets (net of accumulated depreciation):					
Land	1,152,364	-	1,152,364	554,155	1,108,744
Buildings and improvements	44,525,098	-	44,525,098	5,674,247	3,070,922
Machinery and equipment	436,393	-	436,393	2,254,669	-
Infrastructure	-	4,000,926	4,000,926	-	-
Construction in progress	565,224	923,685	1,488,909	2,009,072	-
Total assets	\$ 62,553,543	\$ 5,352,254	\$ 67,905,797	\$ 12,322,246	\$ 4,311,869
<b>LIABILITIES</b>					
Accounts payable	\$ 1,018,290	\$ 131,316	\$ 1,149,606	\$ 541,701	\$ 29
Accrued liabilities (salaries payable)	28,603	-	28,603	1,034,810	-
Estimate of incurred but not reported health claims	192,938	-	192,938	-	-
Accrued interest payable	571,633	1,923	573,556	-	-
Due to component unit	24,176	-	24,176	-	-
Customer deposits	-	4,080	4,080	-	-
Long-term liabilities:					
Due within one year	1,623,154	44,134	1,667,288	-	53,209
Due in more than one year	35,704,918	3,464,506	39,169,424	992,070	32,059
Total liabilities	\$ 39,163,712	\$ 3,645,959	\$ 42,809,671	\$ 2,568,581	\$ 85,297
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 4,158,684	\$ -	\$ 4,158,684	\$ -	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 9,913,657	\$ 1,415,971	\$ 11,329,628	\$ 10,492,143	\$ 4,094,398
Restricted for:					
Capital Projects	1,023,413	-	1,023,413	-	-
Unrestricted (deficit)	8,294,077	290,324	8,584,401	(738,478)	132,174
Total net position	\$ 19,231,147	\$ 1,706,295	\$ 20,937,442	\$ 9,753,665	\$ 4,226,572

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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Charges for		Operating	Capital	Primary Government		Component Unit		Component Unit
	Expenses	Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	
<b>PRIMARY GOVERNMENT:</b>									
Governmental activities:									
General government administration	\$ 1,129,245	\$ 4,593	\$ 191,269	\$ -	\$ (933,383)	\$ -	\$ (933,383)	\$ -	\$ -
Judicial administration	720,041	52,619	464,850	-	(202,572)	-	(202,572)	-	-
Public safety	5,294,984	63,400	1,877,322	-	(3,354,262)	-	(3,354,262)	-	-
Public works	1,219,203	212,270	9,984	-	(996,949)	-	(996,949)	-	-
Health and welfare	1,715,921	-	1,181,824	-	(534,097)	-	(534,097)	-	-
Education	8,434,803	-	-	-	(8,434,803)	-	(8,434,803)	-	-
Parks, recreation, and cultural	497,565	2,335	-	-	(495,230)	-	(495,230)	-	-
Community development	1,961,182	-	1,042,999	-	(918,183)	-	(918,183)	-	-
Interest on long-term debt	1,737,202	-	-	-	(1,737,202)	-	(1,737,202)	-	-
Total governmental activities	\$ 22,710,146	\$ 335,217	\$ 4,768,248	\$ -	\$ (17,606,681)	\$ -	\$ (17,606,681)	\$ -	\$ -
Business-type activities:									
PSA fund	\$ 284,378	\$ 65,072	\$ 1,168,785	\$ -	\$ -	\$ 949,479	\$ 949,479	\$ -	\$ -
Total primary government	\$ 22,994,524	\$ 400,289	\$ 5,937,033	\$ -	\$ (17,606,681)	\$ 949,479	\$ (16,657,202)	\$ -	\$ -
<b>COMPONENT UNIT:</b>									
School Board	\$ 26,554,539	\$ 588,637	\$ 18,146,520	\$ -	\$ -	\$ -	\$ (7,819,382)	\$ -	\$ -
EDA	1,803,086	1,736,480	-	-	-	-	-	-	(66,606)
Total component unit	\$ 28,357,625	\$ 2,325,117	\$ 18,146,520	\$ -	\$ -	\$ -	\$ (7,819,382)	\$ -	\$ (66,606)
General revenues:									
General property taxes					\$ 11,277,130	\$ -	\$ 11,277,130	\$ -	\$ -
Other local taxes:									
Local sales and use taxes					1,009,558	-	1,009,558	-	-
Consumers' utility taxes					405,272	-	405,272	-	-
Gross receipts					10,459	-	10,459	-	-
Consumption taxes					58,150	-	58,150	-	-
Motor vehicle licenses					446,137	-	446,137	-	-
Bank stock taxes					17,187	-	17,187	-	-
Taxes on recordation and wills					66,673	-	66,673	-	-
Hotel and motel room taxes					192,240	-	192,240	-	-
Unrestricted revenues from use of money and property					37,170	443	37,613	7,317	3,734
Miscellaneous					185,323	-	185,323	243,992	3,493
Contribution from Patrick County					-	-	-	8,447,338	45,000
Grants and contributions not restricted to specific programs					1,321,311	-	1,321,311	-	-
Transfers					(156,562)	156,562	-	-	-
Total general revenues and transfers					\$ 14,870,048	\$ 157,005	\$ 15,027,053	\$ 8,698,647	\$ 52,227
Change in net position					\$ (2,736,633)	\$ 1,106,484	\$ (1,630,149)	\$ 879,265	\$ (14,379)
Net position - beginning, as restated					21,967,780	599,811	22,567,591	8,874,400	4,240,951
Net position - ending					\$ 19,231,147	\$ 1,706,295	\$ 20,937,442	\$ 9,753,665	\$ 4,226,572

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

County of Patrick, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2013

	<u>General</u>	<u>School Construction</u>	<u>Jail Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,220,203	\$ 1,703,366	\$ -	\$ 82,264	\$ 5,005,833
Cash in custody of others	14,939	-	-	-	14,939
Investments	4,027,804	174,836	-	19,820	4,222,460
Receivables (net of allowance for uncollectibles)					
Taxes receivable	4,226,942	-	-	-	4,226,942
Other local taxes	95,109	-	-	-	95,109
Accounts receivable	48,734	-	-	21	48,755
Due from other governmental units	675,591	-	-	-	675,591
Total assets	<u>\$ 12,309,322</u>	<u>\$ 1,878,202</u>	<u>\$ -</u>	<u>\$ 102,105</u>	<u>\$ 14,289,629</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 159,960	\$ 858,330	\$ -	\$ -	\$ 1,018,290
Accrued liabilities	28,603	-	-	-	28,603
Due to component unit	24,176	-	-	-	24,176
Total liabilities	<u>\$ 212,739</u>	<u>\$ 858,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,071,069</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	<u>\$ 4,943,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,943,505</u>
<b>Fund balances:</b>					
Restricted:					
Capital projects	\$ -	\$ 1,019,872	\$ -	\$ 3,541	\$ 1,023,413
Committed:					
Law library	-	-	-	14,173	14,173
Asset Forfeiture	-	-	-	84,391	84,391
Unassigned	7,153,078	-	-	-	7,153,078
Total fund balances	<u>\$ 7,153,078</u>	<u>\$ 1,019,872</u>	<u>\$ -</u>	<u>\$ 102,105</u>	<u>\$ 8,275,055</u>
Total liabilities and fund balances	<u>\$ 12,309,322</u>	<u>\$ 1,878,202</u>	<u>\$ -</u>	<u>\$ 102,105</u>	<u>\$ 14,289,629</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 Position  
June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 8,275,055
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,152,364	
Buildings and improvements	44,525,098	
Machinery and equipment	436,393	
Construction in progress	<u>565,224</u>	46,679,079

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	784,821
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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 position.	1,391,897
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond premiums	\$ (252,565)	
Bond discount	144,100	
Accrued interest payable	(571,633)	
Compensated absences	(503,134)	
Net OPEB obligation	(59,516)	
Capital lease	(2,934,088)	
Bonds and notes payable	<u>(33,722,869)</u>	(37,899,705)
Net position of governmental activities		<u>\$ 19,231,147</u>

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, 2013

	<u>General</u>	<u>School Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 11,301,734	\$ -	\$ -	\$ 11,301,734
Other local taxes	2,205,676	-	-	2,205,676
Permits, privilege fees, and regulatory licenses	60,007	-	-	60,007
Fines and forfeitures	18,201	-	-	18,201
Revenue from the use of money and property	21,985	14,599	586	37,170
Charges for services	256,096	-	913	257,009
Miscellaneous	185,323	-	-	185,323
Recovered costs	704,494	145,878	-	850,372
Intergovernmental revenues:				
Local government	-	131,906	-	131,906
Commonwealth	5,323,660	-	11,872	5,335,532
Federal	754,027	-	-	754,027
Total revenues	\$ 20,831,203	\$ 292,383	\$ 13,371	\$ 21,136,957
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,302,404	\$ -	\$ -	\$ 1,302,404
Judicial administration	714,323	-	-	714,323
Public safety	5,233,932	-	11,466	5,245,398
Public works	1,378,724	-	-	1,378,724
Health and welfare	1,738,616	-	-	1,738,616
Education	4,887,702	2,842,676	-	7,730,378
Parks, recreation, and cultural	484,690	-	-	484,690
Community development	1,890,320	-	-	1,890,320
Capital projects	274,028	-	-	274,028
Debt service:				
Principal retirement	1,228,615	-	-	1,228,615
Interest and other fiscal charges	1,769,834	-	-	1,769,834
Total expenditures	\$ 20,903,188	\$ 2,842,676	\$ 11,466	\$ 23,757,330
Excess (deficiency) of revenues over (under) expenditures	\$ (71,985)	\$ (2,550,293)	\$ 1,905	\$ (2,620,373)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 275,000	\$ -	\$ 275,000
Transfers out	(431,562)	-	-	(431,562)
Total other financing sources (uses)	\$ (431,562)	\$ 275,000	\$ -	\$ (156,562)
Net change in fund balances	\$ (503,547)	\$ (2,275,293)	\$ 1,905	\$ (2,776,935)
Fund balances - beginning	7,656,625	3,295,165	100,200	11,051,990
Fund balances - ending	\$ 7,153,078	\$ 1,019,872	\$ 102,105	\$ 8,275,055

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, 2013

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

Net change in fund balances - total governmental funds	\$	(2,776,935)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Capital outlays	324,314	
Depreciation expense	<u>(1,359,071)</u>	(1,034,757)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(14,501)
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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.		(24,604)
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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 position. Also, governmental funds report the effect of, premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:

General obligation bonds	865,031	
Literary loans	195,000	
Capital lease	<u>168,584</u>	1,228,615

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.

Decrease (increase) in compensated absences	5,553	
(Decrease) increase in premium on issuance	13,912	
Decrease (increase) in discount on issuance	(5,542)	
Decrease (increase) in accrued interest payable	24,262	
Decrease (increase) in net OPEB obligation	<u>(12,717)</u>	25,468

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.		(139,919)
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Change in net position of governmental activities	\$	<u>(2,736,633)</u>
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The notes to the financial statements are an integral part of this statement.



County of Patrick, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Enterprise PSA <u>Fund</u>	Internal Service <u>Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 416,362	\$ 1,584,835
Accounts receivables, net of allowances for uncollectibles	11,281	-
Total current assets	<u>\$ 427,643</u>	<u>\$ 1,584,835</u>
Noncurrent assets:		
Capital assets:		
Infrastructure	\$ 4,000,926	\$ -
Construction in progress	923,685	-
Total capital assets	<u>\$ 4,924,611</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 4,924,611</u>	<u>\$ -</u>
Total assets	<u>\$ 5,352,254</u>	<u>\$ 1,584,835</u>
<b>LIABILITIES</b>		
Current liabilities:		
Estimate of incurred but not reported health claims	\$ -	\$ 192,938
Accounts payable	131,316	-
Customers' deposits	4,080	-
Accrued interest payable	1,923	-
Bonds payable - current portion	44,134	-
Total current liabilities	<u>\$ 181,453</u>	<u>\$ 192,938</u>
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 3,464,506	\$ -
Total noncurrent liabilities	<u>\$ 3,464,506</u>	<u>\$ -</u>
Total liabilities	<u>\$ 3,645,959</u>	<u>\$ 192,938</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 1,415,971	\$ -
Unrestricted	290,324	1,391,897
Total net position	<u>\$ 1,706,295</u>	<u>\$ 1,391,897</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 Net Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	Enterprise PSA <u>Fund</u>	Internal Service <u>Fund</u>
<b>OPERATING REVENUES</b>		
Charges for services:		
Water revenues	\$ 65,072	\$ -
Insurance premiums	-	2,124,783
Miscellaneous	-	493,860
Total operating revenues	<u>\$ 65,072</u>	<u>\$ 2,618,643</u>
<b>OPERATING EXPENSES</b>		
Water	\$ 62,060	\$ -
Insurance claims and expenses	-	2,760,805
Depreciation	84,280	-
Total operating expenses	<u>\$ 146,340</u>	<u>\$ 2,760,805</u>
Operating income (loss)	<u>\$ (81,268)</u>	<u>\$ (142,162)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental revenue	\$ 1,168,785	\$ -
Interest income	443	2,243
Interest expense	(138,038)	-
Total nonoperating revenues (expenses)	<u>\$ 1,031,190</u>	<u>\$ 2,243</u>
Income (loss) before transfers	<u>\$ 949,922</u>	<u>\$ (139,919)</u>
Transfers in	\$ 156,562	\$ -
Change in net position	<u>\$ 1,106,484</u>	<u>\$ (139,919)</u>
Total net position - beginning	599,811	1,531,816
Total net position - ending	<u><u>\$ 1,706,295</u></u>	<u><u>\$ 1,391,897</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, 2013

	Enterprise PSA Fund	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts for insurance premiums	\$ -	\$ 2,124,783
Receipts from customers and users	63,476	-
Payments to suppliers	(61,797)	-
Payments for premiums	-	(2,738,325)
Other receipts (payments)	-	493,860
Net cash provided by (used for) operating activities	<u>\$ 1,679</u>	<u>\$ (119,682)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	<u>\$ 156,562</u>	<u>\$ -</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of infrastructure	\$ (1,235,871)	\$ -
Principal payments on bonds	(32,512)	-
Contributions in aid of construction	1,168,785	-
Proceeds from indebtedness	572,493	-
Interest payments	(217,867)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ 255,028</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	\$ 443	\$ 2,243
Net cash provided by (used for) investing activities	<u>\$ 443</u>	<u>\$ 2,243</u>
Net increase (decrease) in cash and cash equivalents	\$ 413,712	\$ (117,439)
Cash and cash equivalents - beginning	2,650	1,702,274
Cash and cash equivalents - ending	<u>\$ 416,362</u>	<u>\$ 1,584,835</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (81,268)	\$ (142,162)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	\$ 84,280	\$ -
(Increase) decrease in accounts receivable	(3,936)	-
(Increase) decrease in prepaid expenses	-	39,964
Increase (decrease) in customer deposits	2,340	-
Increase (decrease) in accounts payable	263	(17,484)
Total adjustments	<u>\$ 82,947</u>	<u>\$ 22,480</u>
Net cash provided by (used for) operating activities	<u>\$ 1,679</u>	<u>\$ (119,682)</u>

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

County of Patrick, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

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	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 42,403
Total assets	<u>\$ 42,403</u>
<b>LIABILITIES</b>	
Amounts held for Social Services clients	\$ 13,202
Amounts held for DeHart Cemetery	6,000
Amounts held for inmates	23,201
Total liabilities	<u>\$ 42,403</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, 2013

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#### 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. Financial 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, 2013, 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, 2013 the County contributed \$24,250 to the Community Services Board.

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

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.

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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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 unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally 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 and reports 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 Construction Fund* fund is used to account for and report financial resources to be used for the acquisition or construction of major capital facilities of the School Board.

The government reports the following nonmajor governmental funds:

*Special Revenue Funds* account for and report 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 nonmajor special revenue funds.

*Capital Projects Funds* account for and report 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.

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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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 (Trust and Agency 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.

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.

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Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

D. Assets, liabilities, deferred inflows/outflows of resources and net position/fund balance

1. Cash and cash equivalents

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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, if any, are offset by a fund balance nonspendable 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 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. 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 \$95,829 at June 30, 2013 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.

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

D. Assets, liabilities, deferred inflows/outflows of resources and net position/fund balance (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 the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year.

Property, plant, and equipment and infrastructure 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 obligations are reported as liabilities in the applicable governmental activities statement of Net Position. Bond premiums and discounts, 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.

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

D. Assets, liabilities, deferred inflows/outflows of resources and net position/fund balance (continued)

8. Long-term obligations (continued)

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

9. Fund equity

The County reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County of Patrick, Virginia evaluated its funds at June 30, 2013 and classified fund balance into the following five categories:

Nonspendable - amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund);

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

Committed - amounts constrained to specific purposes by the government itself, using its highest level of decision making authority, which the County of Patrick, Virginia considers to be the Board of Directors; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned - amounts 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; positive amounts are only reported in the general fund.

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

D. Assets, liabilities, deferred inflows/outflows of resources and net position/fund balance (continued)

10. Prepaid items

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

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County does not have any deferred outflows of resources to report at June 30, 2013.

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

12. Net Position

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

13. Net Position Flow Assumption

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

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

D. Assets, liabilities, deferred inflows/outflows of resources and net position/fund balance (continued)

14. Adoption of Accounting Policies

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board: The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board: The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net position reported in the financial statements was restated as a result of implementing this Statement reference note 18 for restatement.

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 2-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.
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, 2013, there were not any funds/departments that over expended appropriations.
10. Deficit fund equity  
At June 30, 2013, there were no funds with deficit fund equity.

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 3-Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-400 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).

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 3-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, 2013 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
LGIP	\$ 4,047,791
SNAP	174,836
U.S. Agencies	13
Total	<u>\$ 4,222,640</u>

Concentration of Credit Risk:

At June 30, 2013, 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, 2013, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

External Investment Pools:

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the 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, 2013 (Continued)

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Note 4-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	\$ 347,901	\$ -
State sales tax	-	408,975
Non-categorical aid	60,140	-
Categorical aid-shared expenses	165,515	-
Categorical aid-VPA funds	85,241	-
Categorical aid-other	14,651	30,407
<u>Federal Government:</u>		
Categorical aid-VPA funds	-	-
Categorical aid-other	2,143	5,632
Totals	\$ <u>675,591</u>	\$ <u>445,014</u>

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 5-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>                    24,176</u>
Component Unit - School Board:		
School Operating Fund	\$ <u>                    24,176</u>	\$ <u>                              -</u>

Note 6-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, 2013.

	<u>Balance July 1, 2012</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2013</u>
General obligation bonds	\$ 8,902,901	\$ -	(375,031)	\$ 8,527,870
Lease revenue note	23,630,000	-	(490,000)	23,140,000
Bond premiums	266,477	-	(13,912)	252,565
Bond discount	(149,642)	-	5,542	(144,100)
Literary loans	2,250,000	-	(195,000)	2,055,000
Capital lease	3,102,671	-	(168,584)	2,934,087
Compensated absences	508,687	-	(5,553)	503,134
Net OPEB obligation	<u>46,799</u>	<u>23,367</u>	<u>(10,650)</u>	<u>59,516</u>
Total	\$ <u>38,557,893</u>	\$ <u>23,367</u>	\$ <u>(1,253,188)</u>	\$ <u>37,328,072</u>

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 6-Long-Term Liabilities: (Continued)

Primary Government - Governmental Activity Liabilities (Continued)

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

Year Ending June 30,	General Obligation Bonds		Literary Loans		Lease Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 386,484	\$ 456,651	\$ 195,000	\$ 46,650	\$ 505,000	\$ 1,075,100
2015	327,332	437,325	195,000	42,300	525,000	1,056,794
2016	337,315	422,568	195,000	37,950	545,000	1,037,763
2017	347,558	405,130	195,000	33,600	560,000	1,018,006
2018	363,078	387,593	195,000	29,250	585,000	995,606
2019-2023	1,960,813	1,662,140	705,000	85,500	3,305,000	4,596,588
2024-2028	1,350,290	1,198,615	375,000	30,000	4,075,000	3,824,187
2029-2033	1,250,000	843,144	-	-	5,080,000	2,815,625
2034-2038	1,510,000	435,717	-	-	6,460,000	1,445,325
2039-2040	695,000	41,549	-	-	1,500,000	78,750
Totals	\$ 8,527,870	\$ 6,290,432	\$ 2,055,000	\$ 305,250	\$ 23,140,000	\$ 17,943,744

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 6-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	\$ 68,887	\$ 68,887
General Obligation Bond	2.35-5.1%	11/7/2002	2022	469,054	236,058	23,474.00
General Obligation Bond	4.1-5.6%	10/15/2004	2025	1,630,018	998,673	79,708.00
General Obligation Bond	4.6-5.1%	11/10/2005	2026	1,338,330	1,119,812	63,210.00
General Obligation Bond	4.6-5.1%	11/10/2005	2026	448,957	54,440	21,205.00
General Obligation Bond	4.6-5.1%	11/9/2009	2040	6,295,000	6,050,000	130,000
Total General Obligation Bonds					<u>\$ 8,527,870</u>	<u>\$ 386,484</u>
Lease Revenue Note:						
Lease Revenue Note	3-5.25%	7/29/2008	2039	25,000,000	<u>23,140,000</u>	<u>505,000</u>
Subtotal GO Bonds and Note					<u>\$ 31,667,870</u>	<u>\$ 1,277,968</u>
Add:						
Premium	n/a	10/15/2004	2025	117,079	\$ 70,247	\$ 5,854
Premium	n/a	11/10/2005	2026	97,867	70,462	3,915
Premium	n/a	11/9/2009	2040	124,285	111,856	4,143
Less:						
Discount	n/a	7/29/2008	2039	166,268	<u>(144,100)</u>	<u>(5,542)</u>
Total GO Bonds and Note					<u>\$ 31,776,335</u>	<u>\$ 1,286,338</u>
Literary Loans:						
State Literary Fund Loan	2%	4/24/2000	2020	1,500,000	\$ 525,000	\$ 75,000
State Literary Fund Loan	3%	3/8/2002	2022	900,000	405,000	45,000
State Literary Fund Loan	2%	7/15/2008	2029	1,425,000	<u>1,125,000</u>	<u>75,000</u>
Total Literary Loans					<u>\$ 2,055,000</u>	<u>\$ 195,000</u>
Capital Lease:						
Capital Lease	7.15%	8/15/2008	2023	3,403,504	<u>\$ 2,934,087</u>	<u>\$ 141,816</u>
Other Obligations						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 503,134	\$ -
Net OPEB Obligation	n/a	n/a	n/a	n/a	<u>59,516</u>	<u>-</u>
Total Other Obligations					<u>\$ 562,650</u>	<u>\$ -</u>
Total Long-term Liabilities					<u>\$ 37,328,072</u>	<u>\$ 1,623,154</u>

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 6-Long-Term Liabilities: (Continued)

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

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2013.

	Balance July 1, 2012	Issuances	Retirements	Balance June 30, 2013
Rural Development Loans	\$ 2,968,659	\$ 572,493	(32,512)	\$ 3,508,640

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

Year Ending June 30,	Rural Development Loans	
	Principal	Interest
2014	\$ 44,134	\$ 137,421
2015	43,772	137,784
2016	45,556	136,000
2017	47,412	134,144
2018	49,343	132,213
2019-2023	278,559	629,219
2024-2028	340,120	567,658
2029-2033	415,285	492,493
2034-2038	507,062	400,716
2039-2043	619,121	288,657
2044-2048	755,945	151,834
2049-2051	362,331	15,911
Totals	\$ 3,508,640	\$ 3,224,050

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	\$ 2,079,650	\$ 26,160
Rural Development Loan	4.00%	8/25/2010	2051	1,443,000	1,428,990	17,974
Total Long-term liabilities					\$ 3,508,640	\$ 44,134

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 7-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 minimum lease payments at the date of inception.

The asset acquired through capital lease is as follows:

Energy Efficient Equipment	\$ 3,142,372
Less: Accumulated depreciation	<u>(130,645)</u>
Net Asset	<u>\$ 3,011,727</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Energy Efficient Equipment</u>
2014	\$ 323,556
2015	328,768
2016	334,194
2017	339,839
2018	345,716
2019-2023	1,825,468
2024	<u>386,364</u>
Sub-total	\$ 3,883,905
Less, amount representing interest	<u>(949,818)</u>
Present Value of Lease Agreement	<u>\$ 2,934,087</u>

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 8-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, 2013.

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Net OPEB Obligation	\$ 457,431	\$ 268,044	\$ (148,800)	\$ 576,675
Compensated absences	391,312	24,083	-	415,395
Total	<u>\$ 848,743</u>	<u>\$ 292,127</u>	<u>\$ (148,800)</u>	<u>\$ 992,070</u>

Details of Liabilities:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net OPEB Obligation	\$ 576,675	\$ -
Compensated absences	415,395	-
Total Long-Term Obligations	<u>\$ 992,070</u>	<u>\$ -</u>

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## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2013 (Continued)

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#### Note 9-Employee Retirement System and Defined Benefit Pension Plan:

##### A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service 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 were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction



County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 9-Employee Retirement System and Defined Benefit Pension Plan: (Continued)

A. Plan Description (Continued)

actor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2012-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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County 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 2013 was 13.82% 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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the 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 2013 was 11.01% of annual covered payroll.

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 9-Employee Retirement System and Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For Fiscal year 2013, the County of Patrick, Virginia's annual pension cost of \$806,352 and \$184,762 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) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2011	\$ 495,225	100.00%	\$ -
	6/30/2012	512,460	100.00%	-
	6/30/2013	806,352	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2011	\$ 137,667	100.00%	\$ -
	6/30/2012	142,755	100.00%	-
	6/30/2013	184,762	100.00%	-

<sup>1</sup> Employer portion only

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.2% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

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Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 9-Employee Retirement System and Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 71.66% funded. The actuarial accrued liability for benefits was \$19,863,857, and the actuarial value of assets was \$14,235,184, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,628,673. The covered payroll (annual payroll of active employees covered by the plan) was \$4,531,237, and ratio of the UAAL to the covered payroll was 124.22%.

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

As of June 30, 2012, the most recent actuarial valuation date, the plan was 75.84% funded. The actuarial accrued liability for benefits was \$6,753,476, and the actuarial value of assets was \$5,121,632, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,631,844. The covered payroll (annual payroll of active employees covered by the plan) was \$1,626,428, and ratio of the UAAL to the covered payroll was 100.33%.

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

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/2012-annual-report.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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the 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 \$1,347,947, \$777,609, and \$485,273 for the fiscal years ended 2013, 2012, and 2011, respectively. Required employer contributions represented 11.66%, 6.33%, and 3.93% of covered payroll for the fiscal years ended 2013, 2012, and 2011, respectively.

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,152,364	\$ -	\$ -	\$ 1,152,364
Construction in progress	590,126	130,325	(155,227)	565,224
Total capital assets not being depreciated	<u>\$ 1,742,490</u>	<u>\$ 130,325</u>	<u>\$ (155,227)</u>	<u>\$ 1,717,588</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 50,548,566	\$ 211,027	\$ -	\$ 50,759,593
Machinery and equipment	2,772,882	138,190	(61,116)	2,849,956
Total capital assets being depreciated	<u>\$ 53,321,448</u>	<u>\$ 349,217</u>	<u>\$ (61,116)</u>	<u>\$ 53,609,549</u>
Accumulated depreciation:				
Buildings and improvements	\$ (5,090,791)	\$ (1,143,704)	\$ -	\$ (6,234,495)
Machinery and equipment	(2,244,810)	(215,368)	46,615	(2,413,563)
Total accumulated depreciation	<u>\$ (7,335,601)</u>	<u>\$ (1,359,072)</u>	<u>\$ 46,615</u>	<u>\$ (8,648,058)</u>
Total capital assets being depreciated, net	<u>\$ 45,985,847</u>	<u>\$ (1,009,855)</u>	<u>\$ (14,501)</u>	<u>\$ 44,961,491</u>
Governmental activities capital assets, net	<u><u>\$ 47,728,337</u></u>	<u><u>\$ (879,530)</u></u>	<u><u>\$ (169,728)</u></u>	<u><u>\$ 46,679,079</u></u>

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 10-Capital Assets: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ <u>2,288,773</u>	\$ <u>1,235,871</u>	\$ <u>(2,600,959)</u>	\$ <u>923,685</u>
Capital assets, being depreciated:				
Infrastructure	\$ <u>1,528,838</u>	\$ <u>2,600,959</u>	\$ <u>-</u>	\$ <u>4,129,797</u>
Accumulated depreciation:				
Infrastructure	\$ <u>(44,591)</u>	\$ <u>(84,280)</u>	\$ <u>-</u>	\$ <u>(128,871)</u>
Total capital assets being depreciated, net	\$ <u>1,484,247</u>	\$ <u>2,516,679</u>	\$ <u>-</u>	\$ <u>4,000,926</u>
Business-Type Activities capital assets, net	\$ <u>3,773,020</u>	\$ <u>3,752,550</u>	\$ <u>(2,600,959)</u>	\$ <u>4,924,611</u>

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

Governmental Activities:	
General government administration	\$ 147,442
Judicial administration	280
Public safety	455,462
Public works	11,678
Education	731,957
Parks, recreation, and cultural	12,110
Community development	<u>143</u>
Total depreciation expense-governmental activities	\$ <u>1,359,072</u>
Business-Type Activities	
PSA fund	\$ <u>84,280</u>

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 10-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2013 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 554,155	\$ -	\$ -	\$ 554,155
Construction in progress	338,844	2,583,259	(913,031)	2,009,072
Total capital assets not being depreciated	\$ 892,999	\$ 2,583,259	\$ (913,031)	\$ 2,563,227
Capital assets, being depreciated:				
Buildings and improvements	\$ 15,322,538	\$ 556,973	\$ -	\$ 15,879,511
Machinery and equipment	5,663,894	243,794	(31,767)	5,875,921
Total capital assets being depreciated	\$ 20,986,432	\$ 800,767	\$ (31,767)	\$ 21,755,432
Accumulated depreciation:				
Buildings and improvements	\$ (9,686,999)	\$ (518,265)	\$ -	\$ (10,205,264)
Machinery and equipment	(3,306,945)	(338,798)	24,491	(3,621,252)
Total accumulated depreciation	\$ (12,993,944)	\$ (857,063)	\$ 24,491	\$ (13,826,516)
Total capital assets being depreciated, net	\$ 7,992,488	\$ (56,296)	\$ (7,276)	\$ 7,928,916
Governmental activities capital assets, net	\$ 8,885,487	\$ 2,526,963	\$ (920,307)	\$ 10,492,143

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## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2013 (Continued)

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#### Note 11-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 12-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 13-Surety Bonds:

##### Primary Government:

##### Fidelity & Deposit Company of Maryland-Surety:

Susan C. Gasperini, Clerk of the Circuit Court	\$	115,000
Sandra Stone, 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, 2013 (Continued)

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#### Note 13-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 14-Other Postemployment Benefits Health Insurance:

##### 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, 2013 (Continued)

Note 14-Other Postemployment Benefits Health Insurance: (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 and Net OPEB Obligation

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 2013, the County's annual OPEB cost (expense) of \$23,367 exceeded its contribution of \$10,650. The obligation calculation is as follows:

Annual required contribution	\$ 24,200
Interest on net OPEB obligation	1,872
Adjustment to annual required contribution	(2,705)
Annual OPEB cost (expense)	23,367
Contributions made	10,650
Increase in net OPEB obligation	12,717
Net OPEB obligation - beginning of year	46,799
Net OPEB obligation - end of year	\$ 59,516

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 14-Other Postemployment Benefits Health Insurance: (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years 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>
6/30/2013 \$	23,367	46%	59,516
6/30/2012	22,484	46%	46,799
6/30/2011	22,702	46%	34,615

For 2012, the School Board's annual OPEB cost (expense) of \$268,044 exceeded its contribution of \$148,800. The obligation calculation is as follows:

Annual required contribution	\$ 276,200
Interest on net OPEB obligation	18,297
Adjustment to annual required contribution	(26,453)
Annual OPEB cost (expense)	268,044
Contributions made	148,800
Increase in net OPEB obligation	119,244
Net OPEB obligation - beginning of year	457,431
Net OPEB obligation - end of year	\$ 576,675

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years 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>
6/30/2013 \$	268,044	56%	576,675
6/30/2012	259,228	56%	457,431
6/30/2011	261,075	57%	346,153

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2013 (Continued)

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#### Note 14-Other Postemployment Benefits Health Insurance: (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 valuation, 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 valuation, 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.

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 14-Other Postemployment Benefits Health Insurance: (Continued)

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.

E. Actuarial Methods and Assumptions (Continued)

As of January 1, 2011, the most recent actuarial valuation date, 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 29 years.

Note 15-VRS Health Insurance Credit Program - Other Postemployment Benefits (OPEB):

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 9.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$128,320, \$73,707, and \$74,087, respectively and equaled the required contributions for each year.

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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Note 16-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 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, 2013, the unfunded balance of the early retirement incentive plan totaled \$157,544.

Note 17 - Litigation:

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

Note 18 - Restatement of Beginning Net Position:

	Governmental Activities
Beginning net position, as previously reported	\$ 22,972,736
Remove bond issuance costs	(1,004,956)
Beginning net position, as restated	<u>\$ 21,967,780</u>

Note 19 - GASB 68:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

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## Required Supplementary Information

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

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 10,505,386	\$ 10,505,386	\$ 11,301,734	\$	796,348
Other local taxes	2,130,000	2,130,000	2,205,676		75,676
Permits, privilege fees, and regulatory licenses	72,100	72,100	60,007		(12,093)
Fines and forfeitures	25,000	25,000	18,201		(6,799)
Revenue from the use of money and property	14,500	113,590	21,985		(91,605)
Charges for services	258,984	258,984	256,096		(2,888)
Miscellaneous	78,000	1,226,302	185,323		(1,040,979)
Recovered costs	563,577	563,577	704,494		140,917
Intergovernmental revenues:					
Commonwealth	4,380,059	4,380,059	5,323,660		943,601
Federal	732,260	732,260	754,027		21,767
Total revenues	\$ 18,759,866	\$ 20,007,258	\$ 20,831,203	\$	823,945
EXPENDITURES					
Current:					
General government administration	\$ 1,456,614	\$ 1,486,509	\$ 1,302,404	\$	184,105
Judicial administration	751,034	772,338	714,323		58,015
Public safety	5,268,145	5,866,009	5,233,932		632,077
Public works	1,399,138	1,495,655	1,378,724		116,931
Health and welfare	2,265,878	2,288,739	1,738,616		550,123
Education	7,365,000	7,365,000	4,887,702		2,477,298
Parks, recreation, and cultural	221,862	230,856	484,690		(253,834)
Community development	383,802	723,739	1,890,320		(1,166,581)
Capital projects	36,300	361,187	274,028		87,159
Debt service:					
Principal retirement	614,585	614,585	1,228,615		(614,030)
Interest and other fiscal charges	-	-	1,769,834		(1,769,834)
Total expenditures	\$ 19,762,358	\$ 21,204,617	\$ 20,903,188	\$	301,429
Excess (deficiency) of revenues over (under) expenditures	\$ (1,002,492)	\$ (1,197,359)	\$ (71,985)	\$	1,125,374
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 1,002,492	\$ 1,002,492	\$ -	\$	1,002,492
Transfers out	-	-	(431,562)		431,562
Total other financing sources (uses)	\$ 1,002,492	\$ 1,002,492	\$ (431,562)	\$	1,434,054
Net change in fund balances	\$ -	\$ (194,867)	\$ (503,547)	\$	2,559,428
Fund balances - beginning	-	194,867	7,656,625		7,461,758
Fund balances - ending	\$ -	\$ -	\$ 7,153,078	\$	10,021,186

## County of Patrick, Virginia

Schedule of Pension and OPEB Funding Progress  
For the Year Ended June 30, 2013

## Primary Government: County Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2012	\$ 14,235,184	\$ 19,863,857	\$ 5,628,673	71.66%	\$ 4,531,237	124.22%
June 30, 2011	14,016,695	18,732,390	4,715,695	74.83%	4,477,663	105.32%
June 30, 2010	13,549,904	17,911,665	4,361,761	75.65%	3,992,360	109.25%

## County Health Plan - OPEB

Actuarial Valuation as of*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	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

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2012	\$ 5,121,632	\$ 6,753,476	\$ 1,631,844	75.84%	\$ 1,626,428	100.33%
June 30, 2011	5,180,213	6,584,754	1,404,541	78.67%	1,644,214	85.42%
June 30, 2010	5,136,602	6,257,517	1,120,915	82.09%	1,669,488	67.14%

## School Board Health Plan - OPEB

Actuarial Valuation as of*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	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%

\*Only two valuations available



County of Patrick, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 78,723	\$ 3,541	\$ 82,264
Investments	19,820	-	19,820
Receivables (net of allowance for uncollectibles):			
Accounts receivable	21	-	21
Total assets	<u>\$ 98,564</u>	<u>\$ 3,541</u>	<u>\$ 102,105</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Fund balances:			
Restricted:			
Capital Projects	\$ -	\$ 3,541	\$ 3,541
Law Library	14,173	-	14,173
Asset Forfeiture	84,391	-	84,391
Total fund balances	<u>\$ 98,564</u>	<u>\$ 3,541</u>	<u>\$ 102,105</u>
Total liabilities and fund balances	<u>\$ 98,564</u>	<u>\$ 3,541</u>	<u>\$ 102,105</u>

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

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 586	\$ -	\$ 586
Charges for services	913	-	913
Intergovernmental revenues:			
Commonwealth	11,872	-	11,872
Total revenues	<u>\$ 13,371</u>	<u>\$ -</u>	<u>\$ 13,371</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ 11,466	\$ -	\$ 11,466
Total expenditures	<u>\$ 11,466</u>	<u>\$ -</u>	<u>\$ 11,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,905</u>	<u>\$ -</u>	<u>\$ 1,905</u>
Net change in fund balances	\$ 1,905	\$ -	\$ 1,905
Fund balances - beginning	96,659	3,541	100,200
Fund balances - ending	<u><u>\$ 98,564</u></u>	<u><u>\$ 3,541</u></u>	<u><u>\$ 102,105</u></u>

County of Patrick, Virginia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2013

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	<u>Law Library</u>	<u>Asset Forfeiture</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,152	\$ 64,571	\$ 78,723
Investments	-	19,820	19,820
Receivables (net of allowance for uncollectibles):			
Accounts receivable	21	-	21
Total assets	<u>\$ 14,173</u>	<u>\$ 84,391</u>	<u>\$ 98,564</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Fund balances:			
Restricted:			
Asset Forfeiture	\$ -	\$ 84,391	\$ 84,391
Law Library	14,173	-	14,173
Total fund balances	<u>\$ 14,173</u>	<u>\$ 84,391</u>	<u>\$ 98,564</u>
Total liabilities and fund balances	<u>\$ 14,173</u>	<u>\$ 84,391</u>	<u>\$ 98,564</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, 2013

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	<u>Law Library</u>	<u>Asset Forfeiture</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 586	\$ 586
Charges for services	913	-	913
Intergovernmental revenues:			
Commonwealth	-	11,872	11,872
Total revenues	<u>\$ 913</u>	<u>\$ 12,458</u>	<u>\$ 13,371</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ -	\$ 11,466	\$ 11,466
Total expenditures	<u>\$ -</u>	<u>\$ 11,466</u>	<u>\$ 11,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 913</u>	<u>\$ 992</u>	<u>\$ 1,905</u>
Net change in fund balances	\$ 913	\$ 992	\$ 1,905
Fund balances - beginning	13,260	83,399	96,659
Fund balances - ending	<u><u>\$ 14,173</u></u>	<u><u>\$ 84,391</u></u>	<u><u>\$ 98,564</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, 2013

	Law Library			Variance with Final Budget		Asset Forfeiture			Variance with Final Budget	
	Budgeted Amounts		Actual	Positive (Negative)	Budgeted Amounts		Actual	Positive (Negative)		
	Original	Final			Original	Final				
REVENUES										
Revenue from the use of money and property	\$	-	\$	-	\$	-	\$	586	\$	586
Charges for services	-	-	913	913	-	-	-	-	-	-
Intergovernmental revenues:										
Commonwealth	-	-	-	-	-	-	-	11,872	11,872	11,872
Total revenues	\$	-	\$	913	\$	913	\$	12,458	\$	12,458
EXPENDITURES										
Current:										
Public safety	\$	-	\$	-	\$	-	\$	11,466	\$	(11,466)
Total expenditures	\$	-	\$	-	\$	-	\$	11,466	\$	(11,466)
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$	913	\$	913	\$	992	\$	992
Net change in fund balances	\$	-	\$	913	\$	913	\$	992	\$	992
Fund balances - beginning	-	-	13,260	13,260	-	-	-	83,399	83,399	83,399
Fund balances - ending	\$	-	\$	14,173	\$	14,173	\$	84,391	\$	84,391

County of Patrick, Virginia  
Capital Projects Fund

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

	School Construction Fund				Variance with
	Budgeted Amounts		Actual		Final Budget -
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>		<u>Positive</u>
					<u>(Negative)</u>
<b>REVENUES</b>					
Revenue from the use of money and property	\$ -	\$ -	\$ 14,599	\$	14,599
Recovered costs	-	-	145,878		145,878
Intergovernmental revenues:					
Local government	-	-	131,906		131,906
Total revenues	\$ -	\$ -	\$ 292,383	\$	292,383
<b>EXPENDITURES</b>					
Current:					
Education	\$ -	\$ -	\$ 2,842,676	\$	(2,842,676)
Total expenditures	\$ -	\$ -	\$ 2,842,676	\$	(2,842,676)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(2,550,293)	\$	(2,550,293)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ -	\$ 275,000	\$	275,000
Total other financing sources (uses)	\$ -	\$ -	\$ 275,000	\$	275,000
Net change in fund balances	\$ -	\$ -	(2,275,293)	\$	(2,275,293)
Fund balances - beginning	-	-	3,295,165		3,295,165
Fund balances - ending	\$ -	\$ -	\$ 1,019,872	\$	1,019,872

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, 2013

	Park Construction			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	3,541	3,541
Fund balances - ending	\$ -	\$ -	\$ 3,541	\$ 3,541

#### FIDUCIARY FUNDS

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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 Position  
Fiduciary Funds  
June 30, 2013

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	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Dehart Cemetery</u>	<u>Jail Canteen</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,202	\$ 6,000	\$ 23,201	\$ 42,403
Total assets	<u>\$ 13,202</u>	<u>\$ 6,000</u>	<u>\$ 23,201</u>	<u>\$ 42,403</u>
<b>LIABILITIES</b>				
Amounts held for Social Services clients	\$ 13,202	\$ -	\$ -	\$ 13,202
Amounts held for DeHart Cemetery	-	6,000	-	6,000
Amounts held for inmates	-	-	23,201	23,201
Total liabilities	<u>\$ 13,202</u>	<u>\$ 6,000</u>	<u>\$ 23,201</u>	<u>\$ 42,403</u>

#### DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

##### MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund 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, 2013

	School Operating Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,035,995
Cash in custody of others	200
Investments	324,718
Due from primary government	24,176
Due from other governmental units	445,014
Total assets	<u>\$ 1,830,103</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 541,701
Salaries payable	1,034,810
Total liabilities	<u>\$ 1,576,511</u>
Fund balances:	
Committed:	
Education	\$ 200
Cafeteria	253,392
Total fund balances	<u>\$ 253,592</u>
Total liabilities and fund balances	<u>\$ 1,830,103</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 253,592
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 554,155
Construction in progress	2,009,072
Building and improvements	5,674,247
Machinery and equipment	<u>2,254,669</u>
	10,492,143
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
	(992,070)
Net position of governmental activities	<u>\$ 9,753,665</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, 2013

	School Operating Fund
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 7,317
Charges for services	588,637
Miscellaneous	243,992
Recovered costs	591,440
Intergovernmental revenues:	
Local government	7,715,381
Commonwealth	15,418,503
Federal	2,728,017
Total revenues	<u>\$ 27,293,287</u>
<b>EXPENDITURES</b>	
Current:	
Education	\$ 24,839,976
Capital projects	2,842,676
Total expenditures	<u>\$ 27,682,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (389,365)</u>
Net change in fund balances	\$ (389,365)
Fund balances - beginning	642,957
Fund balances - ending	<u>\$ 253,592</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	\$ (389,365)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	
Capital outlay	\$ 2,470,995
Depreciation expense	<u>(857,063)</u>
	1,613,932
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(7,276)
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.	(143,327)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.	(194,699)
Change in net position of governmental activities	<u>\$ 879,265</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, 2013

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 15,000	\$ 15,000	\$ 7,317	\$ (7,683)
Charges for services	987,315	987,315	588,637	(398,678)
Miscellaneous	326,729	326,729	243,992	(82,737)
Recovered costs	387,057	387,057	591,440	204,383
Intergovernmental revenues:				
Local government	4,826,620	4,826,620	7,715,381	2,888,761
Commonwealth	16,528,731	16,528,731	15,418,503	(1,110,228)
Federal	2,196,192	2,196,192	2,728,017	531,825
Total revenues	\$ 25,267,644	\$ 25,267,644	\$ 27,293,287	\$ 2,025,643
<b>EXPENDITURES</b>				
Current:				
Education	\$ 25,267,644	\$ 25,267,644	\$ 24,839,976	\$ 427,668
Capital projects	\$ -	\$ -	\$ 2,842,676	\$ (2,842,676)
Total expenditures	\$ 25,267,644	\$ 25,267,644	\$ 27,682,652	\$ (2,415,008)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (389,365)	\$ (389,365)
Net change in fund balances	\$ -	\$ -	\$ (389,365)	\$ (389,365)
Fund balances - beginning	-	-	642,957	642,957
Fund balances - ending	\$ -	\$ -	\$ 253,592	\$ 253,592

## **SUPPORTING SCHEDULES**

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

Schedule 1  
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,073,452	\$ 8,073,452	\$ 8,253,633	\$ 180,181
Real and personal public service corporation taxes	291,387	291,387	341,861	50,474
Personal property taxes	1,545,894	1,545,894	1,843,873	297,979
Mobile home taxes	77,490	77,490	73,802	(3,688)
Machinery and tools taxes	517,163	517,163	597,466	80,303
Penalties	-	-	117,339	117,339
Interest	-	-	73,760	73,760
Total general property taxes	\$ 10,505,386	\$ 10,505,386	\$ 11,301,734	\$ 796,348
Other local taxes:				
Local sales and use taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,009,558	\$ 9,558
Consumers' utility taxes	475,000	475,000	405,272	(69,728)
Gross receipts tax	-	-	10,459	10,459
Consumption taxes	65,000	65,000	58,150	(6,850)
Motor vehicle licenses	430,000	430,000	446,137	16,137
Bank stock taxes	15,000	15,000	17,187	2,187
Taxes on recordation and wills	60,000	60,000	66,673	6,673
Hotel and motel room taxes	85,000	85,000	192,240	107,240
Total other local taxes	\$ 2,130,000	\$ 2,130,000	\$ 2,205,676	\$ 75,676
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 12,000	\$ 12,000	\$ 10,037	\$ (1,963)
Animal adoption fees	1,600	1,600	1,900	300
Transfer fees	-	-	738	738
Erosion and sediment control permits	2,000	2,000	130	(1,870)
Building permits	56,500	56,500	47,202	(9,298)
Total permits, privilege fees, and regulatory licenses	\$ 72,100	\$ 72,100	\$ 60,007	\$ (12,093)
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 18,201	\$ (6,799)
Revenue from use of money and property:				
Revenue from use of money	\$ 3,500	\$ 102,590	\$ 10,993	\$ (91,597)
Revenue from use of property	11,000	11,000	10,992	(8)
Total revenue from use of money and property	\$ 14,500	\$ 113,590	\$ 21,985	\$ (91,605)
Charges for services:				
Charges for law enforcement and traffic control	\$ 894	\$ 894	\$ 4,021	\$ 3,127
Charges for courthouse maintenance	-	-	4,112	4,112
Charges for courthouse security fees	-	-	19,153	19,153
Charges for court appointed attorney	1,590	1,590	592	(998)
Charges for Commonwealth's Attorney	1,000	1,000	2,448	1,448
Miscellaneous court recording fees	3,500	3,500	7,200	3,700
Miscellaneous charges	-	-	4,463	4,463
Charges for animal control	-	-	240	240

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

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges from services: (Continued)				
Charges for sanitation and waste removal	\$ 250,000	\$ 250,000	\$ 211,532	\$ (38,468)
Charges for parks and recreation	2,000	2,000	2,335	335
Total charges for services	<u>\$ 258,984</u>	<u>\$ 258,984</u>	<u>\$ 256,096</u>	<u>\$ (2,888)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 78,000	\$ 1,226,302	\$ 185,323	\$ (1,040,979)
Recovered costs:				
Care of prisoners	\$ 100,000	\$ 100,000	\$ 174,382	\$ 74,382
Payroll reimbursements	292,915	292,915	171,570	(121,345)
Transportation-Area on Aging	1,400	1,400	1,863	463
Law enforcement	-	-	23,000	23,000
Department of social services	-	-	4,087	4,087
Tobacco firearms tax force	10,000	10,000	13,926	3,926
Local jails	99,262	99,262	99,261	(1)
Vehicle patrol	-	-	15,191	15,191
Other recovered costs	60,000	60,000	201,214	141,214
Total recovered costs	<u>\$ 563,577</u>	<u>\$ 563,577</u>	<u>\$ 704,494</u>	<u>\$ 140,917</u>
Total revenue from local sources	<u>\$ 13,647,547</u>	<u>\$ 14,894,939</u>	<u>\$ 14,753,516</u>	<u>\$ (141,423)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 25,000	\$ 25,000	\$ 30,029	\$ 5,029
Motor vehicle rental tax	1,500	1,500	2,043	543
Grantor tax	28,000	28,000	16,694	(11,306)
State recordation tax	700	700	20,734	20,034
Communications tax	500,000	500,000	543,799	43,799
Personal property tax relief funds	688,659	688,659	688,659	-
Total noncategorical aid	<u>\$ 1,243,859</u>	<u>\$ 1,243,859</u>	<u>\$ 1,301,958</u>	<u>\$ 58,099</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 223,527	\$ 223,527	\$ 223,391	\$ (136)
Sheriff	1,810,899	1,810,899	1,722,417	(88,482)
Commissioner of revenue	89,131	89,131	87,708	(1,423)
Treasurer	71,060	71,060	69,995	(1,065)
Registrar/electoral board	35,941	35,941	33,566	(2,375)
Clerk of the Circuit Court	192,721	192,721	200,635	7,914
Total shared expenses	<u>\$ 2,423,279</u>	<u>\$ 2,423,279</u>	<u>\$ 2,337,712</u>	<u>\$ (85,567)</u>



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

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
State welfare funds	\$ 396,700	\$ 396,700	\$ 404,812	\$ 8,112
Comprehensive Services Act	120,332	120,332	52,035	(68,297)
Litter control grant	7,000	7,000	9,984	2,984
Victim witness grant	26,889	26,889	28,952	2,063
Fire programs	54,000	54,000	48,719	(5,281)
Commission for the arts	5,000	5,000	5,000	-
E-911 Wireless Funds	40,000	40,000	45,136	5,136
Health department settlement	3,000	3,000	6,316	3,316
DMV grants	12,000	12,000	24,484	12,484
Law enforcement grants	-	-	1,130	1,130
Emergency service grant	47,000	47,000	19,423	(27,577)
Tobacco indemnification funds	-	-	930,000	930,000
Tourism grants	1,000	1,000	107,994	106,994
Mayo River Trail grant	-	-	5	5
Total other categorical aid	\$ 712,921	\$ 712,921	\$ 1,683,990	\$ 971,069
Total categorical aid	\$ 3,136,200	\$ 3,136,200	\$ 4,021,702	\$ 885,502
Total revenue from the Commonwealth	\$ 4,380,059	\$ 4,380,059	\$ 5,323,660	\$ 943,601
Revenue from the federal government:				
Payments in lieu of taxes	\$ 12,000	\$ 12,000	\$ 19,353	\$ 7,353
Categorical aid:				
Public assistance and welfare administration	\$ 705,260	\$ 705,260	\$ 718,661	\$ 13,401
Open container/alcohol imp. driver	12,000	12,000	5,838	(6,162)
Alcohol Safety	-	-	6,655	6,655
Speed Control	3,000	3,000	3,520	520
Total categorical aid	\$ 720,260	\$ 720,260	\$ 734,674	\$ 14,414
Total revenue from the federal government	\$ 732,260	\$ 732,260	\$ 754,027	\$ 21,767
Total General Fund	\$ 18,759,866	\$ 20,007,258	\$ 20,831,203	\$ 823,945
<b>Nonmajor Special Revenue funds:</b>				
<b>Law Library fund:</b>				
Revenue from local sources:				
Charges for services:				
Law library fees	\$ -	\$ -	\$ 913	\$ 913

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Nonmajor Special Revenue funds: (continued)</b>				
<b>Asset Forfeiture Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 586	\$ 586
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets - US Treasury	\$ -	\$ -	\$ 11,872	\$ 11,872
Total Asset Forfeiture fund	\$ -	\$ -	\$ 12,458	\$ 12,458
<b>Capital Projects Funds:</b>				
<b>School Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 14,599	\$ 14,599
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 145,878	\$ 145,878
Intergovernmental revenues:				
Contribution from School Board	\$ -	\$ -	\$ 131,906	\$ 131,906
Total School Construction Fund	\$ -	\$ -	\$ 292,383	\$ 292,383
Total Primary Government	\$ 18,759,866	\$ 20,007,258	\$ 21,136,957	\$ 1,129,699
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 645	\$ 645
Revenue from the use of property	15,000	15,000	6,672	(8,328)
Total revenue from use of money and property	\$ 15,000	\$ 15,000	\$ 7,317	\$ (7,683)
Charges for services:				
Tuition from other localities	\$ 175,000	\$ 175,000	\$ 190,302	\$ 15,302
Transportation of pupils	84,756	84,756	26,025	(58,731)
Cafeteria sales	727,559	727,559	372,310	(355,249)
Total charges for services	\$ 987,315	\$ 987,315	\$ 588,637	\$ (398,678)
Miscellaneous revenue:				
Other miscellaneous	\$ 326,729	\$ 326,729	\$ 243,992	\$ (82,737)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Revenue from local sources: (continued)				
Recovered costs:				
JROTC	\$ 48,000	\$ 48,000	\$ 51,694	\$ 3,694
Other recovered costs	339,057	339,057	539,746	200,689
Total recovered costs	\$ 387,057	\$ 387,057	\$ 591,440	\$ 204,383
 Total revenue from local sources	 \$ 1,716,101	 \$ 1,716,101	 \$ 1,431,386	 \$ (284,715)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Patrick, Virginia	\$ 4,826,620	\$ 4,826,620	\$ 4,872,705	\$ 46,085
Contribution from School Capital projects fund	-	-	2,842,676	2,842,676
Total revenues from local governments	\$ 4,826,620	\$ 4,826,620	\$ 7,715,381	\$ 2,888,761
Revenues from the Commonwealth:				
Categorical aid:				
At risk payments	\$ 384,162	\$ 384,162	\$ 374,150	\$ (10,012)
At risk four year olds	-	-	214,020	214,020
Basic school aid	8,569,637	8,569,637	8,289,780	(279,857)
Early reading intervention	64,592	64,592	62,365	(2,227)
English as a second language	62,954	62,954	62,529	(425)
Fringe benefits-Life-insurance	34,029	34,029	33,163	(866)
Fringe benefits-Retirement	882,868	882,868	860,403	(22,465)
Fringe benefits-Social security	529,343	529,343	515,874	(13,469)
GED Prep	7,859	7,859	7,859	-
Gifted and talented	86,963	86,963	84,751	(2,212)
Homebound education	16,713	16,713	10,330	(6,383)
Lottery payments	222,581	222,581	128,565	(94,016)
Mentor teacher program	2,155	2,155	1,717	(438)
Occupational vocational education tech	60,811	60,811	30,647	(30,164)
Preschool initiatives	317,051	317,051	333,625	16,574
Remedial education	293,029	293,029	285,573	(7,456)
Remedial summer education	38,131	38,131	24,296	(13,835)
School food	21,076	21,076	24,446	3,370
Share of state sales tax	2,371,813	2,371,813	2,375,746	3,933
Special education	1,126,744	1,126,744	1,098,074	(28,670)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenues from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education - foster children	\$ 6,702	\$ 6,702	\$ 6,172	\$ (530)
Standards of Learning algebra readiness	45,606	45,606	43,378	(2,228)
Supplemental support for schools	128,565	128,565	-	(128,565)
Textbook payment	169,635	169,635	165,319	(4,316)
Vocational adult education	630	630	329	(301)
Vocational education - equipment	-	-	6,027	6,027
Vocational standards of quality payments	274,124	274,124	267,149	(6,975)
Title III - Limited English proficient	11,129	11,129	1,556	(9,573)
Other state funds	567,829	567,829	110,660	(457,169)
Total categorical aid	<u>\$ 16,528,731</u>	<u>\$ 16,528,731</u>	<u>\$ 15,418,503</u>	<u>\$ (1,110,228)</u>
Revenue from the federal government:				
Categorical aid:				
Drug free schools	\$ 17,373	\$ 17,373	\$ -	\$ (17,373)
Rural school program	64,749	64,749	47,233	(17,516)
School breakfast program	7,344	7,344	170,659	163,315
School lunch program	519,600	519,600	626,917	107,317
Fresh fruit program	-	-	1,387	1,387
Title I	788,326	788,326	1,103,037	314,711
Title II, part A	153,238	153,238	125,028	(28,210)
Title IV-B-21	5,724	5,724	-	(5,724)
Title VI-B, special education flow-through	595,770	595,770	598,577	2,807
Title VI-B, special education pre-school	13,381	13,381	12,943	(438)
Vocational education	30,687	30,687	42,236	11,549
Total categorical aid	<u>\$ 2,196,192</u>	<u>\$ 2,196,192</u>	<u>\$ 2,728,017</u>	<u>\$ 531,825</u>
Total revenue from the federal government	<u>\$ 2,196,192</u>	<u>\$ 2,196,192</u>	<u>\$ 2,728,017</u>	<u>\$ 531,825</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,267,644</u>	<u>\$ 25,267,644</u>	<u>\$ 27,293,287</u>	<u>\$ 2,025,643</u>

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

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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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 142,543	\$ 143,243	\$ 119,141	\$ 24,102
General and financial administration:				
County administrator	\$ 325,436	\$ 327,755	\$ 317,130	\$ 10,625
Audit services	54,960	54,960	54,801	159
Legal services	37,570	37,570	37,080	490
Commissioner of revenue	278,278	279,572	260,150	19,422
DMV agent office	54,726	71,441	53,684	17,757
Treasurer	302,393	307,763	311,724	(3,961)
Reassessment	100,000	100,000	32	99,968
Tax mapping	49,051	49,413	49,201	212
Total general and financial administration	\$ 1,202,414	\$ 1,228,474	\$ 1,083,802	\$ 144,672
Board of elections:				
Electoral board and officials	\$ 37,200	\$ 40,135	\$ 27,538	\$ 12,597
Registrar	74,457	74,657	71,923	2,734
Total board of elections	\$ 111,657	\$ 114,792	\$ 99,461	\$ 15,331
Total general government administration	\$ 1,456,614	\$ 1,486,509	\$ 1,302,404	\$ 184,105
Judicial administration:				
Courts:				
Circuit court	\$ 79,438	\$ 79,668	\$ 55,978	\$ 23,690
General district court	6,050	6,050	5,583	467
Special magistrates	2,470	2,470	2,626	(156)
Juvenile and domestic relations court	7,480	8,000	7,383	617
Juvenile and domestic relations court services	13,020	13,020	9,160	3,860
Victim witness program	26,889	26,889	26,516	373
Clerk of the circuit court	302,664	316,384	291,134	25,250
Total courts	\$ 438,011	\$ 452,481	\$ 398,380	\$ 54,101
Commonwealth's attorney:				
Commonwealth's attorney	\$ 313,023	\$ 319,857	\$ 315,943	\$ 3,914
Total judicial administration	\$ 751,034	\$ 772,338	\$ 714,323	\$ 58,015
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,760,940	\$ 2,005,732	\$ 1,891,410	\$ 114,322
Sheriff-school resource officer	228,940	233,768	216,436	17,332
Sheriff-courtroom security	37,678	37,678	37,801	(123)
Total law enforcement and traffic control	\$ 2,027,558	\$ 2,277,178	\$ 2,145,647	\$ 131,531

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

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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>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire departments	\$ 413,848	\$ 479,772	\$ 302,394	\$ 177,378
Volunteer emergency operations	259,416	260,555	201,045	59,510
E-911 department	408,089	420,747	368,193	52,554
Total fire and rescue services	<u>\$ 1,081,353</u>	<u>\$ 1,161,074</u>	<u>\$ 871,632</u>	<u>\$ 289,442</u>
Correction and detention:				
County operated institutions	\$ 1,635,344	\$ 1,672,817	\$ 1,629,016	\$ 43,801
Institutional care	-	-	13,882	(13,882)
Total correction and detention	<u>\$ 1,635,344</u>	<u>\$ 1,672,817</u>	<u>\$ 1,642,898</u>	<u>\$ 29,919</u>
Inspections:				
Building	\$ 144,310	\$ 147,354	\$ 136,542	\$ 10,812
Other protection:				
Animal control	\$ 131,572	\$ 143,107	\$ 130,259	\$ 12,848
Forestry services	-	-	16,125	(16,125)
Erosion and soil	17,043	17,045	9,253	7,792
Emergency services	230,765	447,114	281,216	165,898
Medical examiner	200	320	360	(40)
Total other protection	<u>\$ 379,580</u>	<u>\$ 607,586</u>	<u>\$ 437,213</u>	<u>\$ 170,373</u>
Total public safety	<u>\$ 5,268,145</u>	<u>\$ 5,866,009</u>	<u>\$ 5,233,932</u>	<u>\$ 632,077</u>
Public works:				
Sanitation and waste removal:				
Public service authority	\$ 11,270	\$ 16,603	\$ 4,343	\$ 12,260
Refuse collection and disposal	638,231	639,407	607,815	31,592
Total sanitation and waste removal	<u>\$ 656,501</u>	<u>\$ 663,010</u>	<u>\$ 612,430</u>	<u>\$ 50,580</u>
Maintenance of general buildings and grounds:				
General properties	\$ 742,637	\$ 832,645	\$ 766,294	\$ 66,351
Total public works	<u>\$ 1,399,138</u>	<u>\$ 1,495,655</u>	<u>\$ 1,378,724</u>	<u>\$ 116,931</u>

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

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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>
<b>General Fund: (Continued)</b>				
Health and welfare:				
Health:				
Supplement of local health department	\$ -	\$ -	\$ 145,664	\$ (145,664)
Mental health and mental retardation:				
Mental health	\$ 74,000	\$ 74,000	\$ 58,538	\$ 15,462
Contribution to local community services board	-	-	42,213	(42,213)
Total mental health and mental retardation	\$ 74,000	\$ 74,000	\$ 100,751	\$ (26,751)
Welfare:				
Chapter X Board				
Transportation for the elderly	\$ 59,279	\$ 60,636	\$ 24,129	\$ 36,507
Public assistance	2,132,599	2,154,103	1,368,090	786,013
Comprehensive services	-	-	99,982	(99,982)
Total welfare	\$ 2,191,878	\$ 2,214,739	\$ 1,492,201	\$ 722,538
Total health and welfare	\$ 2,265,878	\$ 2,288,739	\$ 1,738,616	\$ 550,123
Education:				
Other instructional costs:				
Contributions to Community College	\$ -	\$ -	\$ 14,997	\$ (14,997)
Contribution to County School Board	7,365,000	7,365,000	4,872,705	2,492,295
Total education	\$ 7,365,000	\$ 7,365,000	\$ 4,887,702	\$ 2,477,298
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 194,665	\$ 203,659	\$ 189,210	\$ 14,449
DeHart park	27,197	27,197	33,498	(6,301)
Total parks and recreation	\$ 221,862	\$ 230,856	\$ 222,708	\$ 8,148
Library:				
Contribution to regional library	\$ -	\$ -	\$ 261,982	\$ (261,982)
Total parks, recreation, and cultural	\$ 221,862	\$ 230,856	\$ 484,690	\$ (253,834)
Community development:				
Planning and community development:				
Planning	\$ -	\$ -	\$ 119,319	\$ (119,319)
Tourism and economic development	184,227	519,171	1,574,837	(1,055,666)
Total planning and community development	\$ 184,227	\$ 519,171	\$ 1,694,156	\$ (1,174,985)

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

Schedule 2  
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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>
<b>General Fund: (Continued)</b>				
Community development: (Continued)				
Environmental management:				
Soil and water district	\$ 109,340	\$ 112,246	\$ 107,739	\$ 4,507
Cooperative extension program:				
Extension office	\$ 90,235	\$ 92,322	\$ 88,425	\$ 3,897
Total community development	\$ 383,802	\$ 723,739	\$ 1,890,320	\$ (1,166,581)
Capital projects:				
Other capital projects	\$ 36,300	\$ 361,187	\$ 274,028	\$ 87,159
Debt service:				
Principal retirement	\$ 614,585	\$ 614,585	\$ 1,228,615	\$ (614,030)
Interest and other fiscal charges	-	-	1,769,834	(1,769,834)
Total debt service	\$ 614,585	\$ 614,585	\$ 2,998,449	\$ (2,383,864)
Total General Fund	\$ 19,762,358	\$ 21,204,617	\$ 20,903,188	\$ 301,429
<b>Nonmajor Special Revenue funds:</b>				
<b>Asset Forfeiture Fund:</b>				
Public safety:				
Sheriff				
Sheriff	\$ -	\$ -	\$ 11,466	\$ (11,466)
Total Asset Forfeiture fund	\$ -	\$ -	\$ 11,466	\$ (11,466)
<b>Capital Projects Funds:</b>				
<b>School Construction Fund:</b>				
Capital Projects:				
Contributions to county schools	\$ -	\$ -	\$ 2,842,676	\$ (2,842,676)
Total School Construction Fund	\$ -	\$ -	\$ 2,842,676	\$ (2,842,676)
Total Primary Government	\$ 19,762,358	\$ 21,204,617	\$ 23,757,330	\$ (2,552,713)



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

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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>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health services	\$ 1,091,246	\$ 1,091,246	\$ 1,133,875	\$ (42,629)
Instruction costs:				
Instructional costs	\$ 17,181,222	\$ 17,181,222	\$ 16,896,616	\$ 284,606
Technology	1,390,943	1,390,943	1,096,031	294,912
Total instruction costs	\$ 18,572,165	\$ 18,572,165	\$ 17,992,647	\$ 579,518
Operating costs:				
Pupil transportation	\$ 2,075,621	\$ 2,075,621	\$ 1,980,680	\$ 94,941
Operation and maintenance of school plant	1,930,493	1,930,493	2,099,502	(169,009)
Food service and non-instructional	1,450,043	1,450,043	1,559,576	(109,533)
Facilities	148,076	148,076	73,696	74,380
Total operating costs	\$ 5,604,233	\$ 5,604,233	\$ 5,713,454	\$ (109,221)
Total education	\$ 25,267,644	\$ 25,267,644	\$ 24,839,976	\$ 427,668
Capital projects:				
School capital projects	\$ -	\$ -	\$ 2,842,676	\$ (2,842,676)
Total Discretely Presented Component Unit - School Board	\$ 25,267,644	\$ 25,267,644	\$ 27,682,652	\$ (2,415,008)

## **OTHER STATISTICAL INFORMATION**

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2003-04	\$ 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
2011-12	1,080,636	687,006	2,857,489	1,218,942	1,734,701	4,423,998	171,656	870,585	1,778,415	14,823,428
2012-13	1,129,245	720,041	5,294,984	1,219,203	1,715,921	8,434,803	497,565	1,961,182	1,737,202	22,710,146

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses (1)	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
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	161,940	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	-	138,469	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
2011-12 (2)	333,518	4,205,478	-	11,311,703	2,120,029	-	13,462	1,717,362	1,245,402	20,946,954
2012-13	335,217	4,768,248	-	11,277,130	2,205,676	-	37,170	185,323	1,321,311	20,130,075

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

(2) Miscellaneous includes a gain on disposal of asset of \$1,481,304.

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
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	24,694,995	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
2011-12	1,315,043	698,740	5,409,834	1,204,719	1,792,357	24,745,312	492,844	873,669	61,433	2,903,175	39,497,126
2011-13	1,302,404	714,323	5,245,398	1,378,724	1,738,616	24,854,973	484,690	1,890,320	-	2,998,449	40,607,897

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

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

(3) In fiscal years 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
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
2011-12	11,184,689	2,120,029	95,442	16,377	19,678	805,300	1,189,965	605,630	23,721,899	39,759,009
2012-13	11,301,734	2,205,676	60,007	18,201	29,888	845,646	429,315	1,295,934	24,367,985	40,554,386

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

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

(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
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%
2011-12	11,028,994	10,753,469	97.50%	267,374	11,020,843	99.93%	1,183,290	10.73%
2012-13	11,034,952	10,805,696	97.92%	304,939	11,110,635	100.69%	1,166,071	10.57%

(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 2009 taxes and the 1st half of the 2010 taxes which were due June 2010. Twice year collections 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	Real Estate and Personal Property	
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(5)	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
2011-12	1,732,478,250	161,666,824	33,603,847	67,438,239		1,995,187,160
2012-13	1,739,594,600	163,831,979	34,548,797	52,520,654		1,990,496,030

(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.

(5) 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
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
2011-12	0.48	1.71	1.71	0.48
2012-13	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
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
2011-12	18,490	1,995,187	34,782,901	34,782,901	1.74%	1,881
2012-13	18,490	1,990,496	33,722,870	33,722,870	1.69%	1,824

(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, revenue bonds, and literary fund loans.  
Excludes 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
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%
2011-12	1,185,427	1,717,748	2,903,175	39,497,126	7.35%
2012-13	1,228,615	1,769,834	2,998,449	40,607,897	7.38%

(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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Patrick, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements and have issued our report thereon dated February 4, 2014.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Reference 2013-1).

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Patrick, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (Reference 2013-1).

### County of Patrick, Virginia's Response to Findings

County of Patrick, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned. County of Patrick, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

*Robinson, Turner, & Associates*

Blacksburg, Virginia  
February 4, 2014

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Report on Compliance for Each Major Federal Program

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, 2013. The County of Patrick, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

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

### *Opinion on Each Major Federal Program*

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

## Report on Internal Control Over Compliance

Management of the County of Patrick, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Patrick, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Robinson, Turner, Cox Associates*

Blacksburg, Virginia  
February 4, 2014



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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90239, 90378 91116, 91117, 91118	\$ 28,967
Promoting Safe and Stable Families	93.556	90359, 90360	11,521
Temporary Assistance for Needy Families	93.558	90109, 90110, 90111, 90112 90127, 90129, 90229, 90230 90231, 90232, 90247, 90248 90249, 90250, 90365, 90366 90367, 90377, 90409, 90410 90411, 90412, 90603, 91109 91110, 91111, 91112, 91127 91129	187,243
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 91113	528
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235 91114, 91115	15,820
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251, 91131	935
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90147 90148, 90209, 90225, 90226 90227, 90253, 90258, 90267 90268, 90405, 90406, 90407 90448, 90637, 90639, 90657 91105, 91106, 91107, 91133 91138, 91147, 91148	65,113
Adoption Assistance	93.659	90108, 90214, 90228, 90606 90607, 91108	7,073
Social Services Block Grant	93.667	90120, 90122, 90123, 90124 90125, 90240, 90241, 90242 90243, 90244, 90245, 90246 90262, 90340, 90358, 90379 91120, 91122, 91123, 91124 91125, 91126, 91142	129,112
Chafee Foster Care Independence Program	93.674	90254, 91134	868
Children's Health Insurance Program	93.767	90102, 90222, 90402, 91102	4,194
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90263, 90266, 90401, 90446 91101, 91146	100,477
Total Department of Health and Human Services			\$ 551,851
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 1,741,278
Pass Through Payments:			
Department of Education:			
Fresh Fruits and Vegetables Program	10.582	40599	\$ 1,387
Child Nutrition Cluster:			
Department of Education:			
School breakfast program	10.553	40591	170,659
National school lunch program	10.555	40623	\$ 542,488
Department of Agriculture:			
Child Nutrition Cluster-Food Distribution (Note 3)	10.555	40623	84,429
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 91103 91104	166,810
Total Department of Agriculture			\$ 2,707,051

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	53410	\$ 3,520
Alcohol Impaired Driving Counter Measures Incentive Grants I	20.601	53360	6,655
Alcohol Open Container Requirements	20.607	52123	<u>5,838</u>
Total Department of Transportation			<u>\$ 16,013</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	84.027	43071	\$ 598,577
Special Education-Preschool Grants	84.173	62521	12,943
Title I: Grants to Local Educational Agencies	84.010	42892, 42901	1,103,037
Career and Technical Education: Basic Grants to States	84.048	61095	42,236
Rural Education	84.358	43481	47,233
Improving Teacher Quality-State Grants	84.367	61480	<u>125,028</u>
Total Department of Education			<u>\$ 1,929,054</u>
Total Expenditures of Federal Awards			<u>\$ 5,203,969</u>

See accompanying notes to schedule of expenditures of federal awards.

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County of Patrick, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

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Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (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, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Patrick, Virginia, it is not intended to and does not present the financial position, changes in net position, 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, 2013, 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	\$ 754,027
Less: Payment in lieu of taxes	<u>(19,353)</u>

Total primary government:	<u>\$ 734,674</u>
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Component Unit School Board:

School Operating Fund	\$ 2,728,017
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Total component unit school board	<u>\$ 2,728,017</u>
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Reconciling items:

Loan proceeds - PSA fund	\$ 1,741,278
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Total federal expenditures per basic financial statements	<u><u>\$ 5,203,969</u></u>
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COUNTY OF PATRICK, VIRGINIA

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

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Section I - Summary of Auditors' Results

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster (IDEA)
84.010	Title I, Grants to Local Educational Agencies
10.760	Water and Waste Disposal Systems for Rural Communities

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

COUNTY OF PATRICK, VIRGINIA

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

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Section II - Financial Statement Findings

2013-1

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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 School Board's capital asset listing required significant adjustments by the auditors.

Cause of Condition: There was a lack of a detailed review of the listing prior to audit.

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: The School Board should implement and follow review procedures in order to make sure that it's asset listing is materially correct.

Management's Response: The School Board 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 capital asset listing.

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

There were no prior audit findings