

COUNTY OF PATRICK, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF PATRICK, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

COUNTY OF PATRICK, VIRGINIA

BOARD OF SUPERVISORS

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

Michelle Day, Vice-chair Annie Hylton	J.D. Morse, Chair	Ronnie Terry Kandy Burnett
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SOCIAL SERVICES BOARD

James Houchins, Vice-chair Angie Cassell	Alan Ullring, Chair	Leon Sawyers Greta Payne
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OTHER OFFICIALS

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. William D. Sroufe
Director of Social Services	Joan V. Rogers
County Administrator	Tom Rose
County Attorney	Alan Black

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable 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, 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, 2014, 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 County of Patrick, Virginia, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on pages 62-63, and schedule of pension and OPEB funding progress on page 64 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 County of Patrick, Virginia's basic financial statements. The introductory section, other supplementary information, and other 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.

The other supplementary information 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 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 other 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 dated December 29, 2014, on our consideration of 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 County of Patrick, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
December 29, 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, 2014. 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 \$18,639,901 (Net Position). Of this amount, \$7,816,494 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 \$1,403,750 (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 \$10,442,583 (Net Position).
- The assets of the EDA unit exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,242,431 (Net Position). Of this amount, \$2,464,401 was considered unrestricted.
- As of the close of the current fiscal year, the County's reported combined ending fund balance was \$7,209,538. Of this amount, \$7,060,269 was considered unassigned, \$26,519 was considered restricted, and \$122,750 was considered committed to specific funds.
- During the year, the County's governmental expenditures exceeded revenues by \$2,611,334.

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 (and deferred inflows of resources), 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 these 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 the County of Patrick, Virginia, does not control, but does 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 three 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, School Construction Fund, and the Asset Forfeiture Fund, of which the General Fund and School Construction Fund are considered to be major funds.

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 and Health Insurance Fund.

The PSA Fund accounts for activities similar to those found in the private sector. In fiscal year 2013, the PSA Fund revenue consisted of water service only. In fiscal year 2014, the county completed the sewer line construction, and began providing this service, thereby increasing its customer base and revenues.

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. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary Net 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 Jail Inmate 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.

Effective January 1, 2014, the Virginia Retirement System added the Hybrid Plan for employees hired after that date. Note 9 provides a description of the VRS Plan 1, Plan 2 and Hybrid Plan, one of which all full-time, salaried employees are required to participate, depending on their hire date. The annual pension cost for the county and schools is included in this note, along with a three-year trend of the pension cost.

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 fund.

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 \$20,043,651 at the close of the most recent fiscal year.

The largest portion of the County's Net Position, \$12,134,305, 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. Restricted portions of the County's net asset amount are as follows: \$3,541 for Fred Clifton Park, \$22,978 for Recreation, and \$46,080 for Debt service and bond covenants. The remaining balance of Net Position, \$7,836,747 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 2014 and 2013.

	Governmental and Business-type Activities 2014	Governmental and Business-type Activities 2013 (as restated)
Current and other assets	\$13,748,920	\$16,580,255
Capital and other assets	51,194,342	53,181,371
Total assets	\$64,943,262	\$69,761,626
Current and other liabilities	\$2,296,094	\$3,638,087
Long-term liabilities	38,424,682	39,296,307
Total Liabilities	\$40,720,776	\$42,934,394
Deferred Inflows of Resources	\$4,178,835	\$4,158,684
Net Position:		
Net Investment in Capital Assets	\$12,134,305	\$12,780,426
Restricted	72,599	1,023,413
Unrestricted	7,836,747	9,006,125
Total Net Position	\$20,043,651	\$22,809,964

The following table summarizes the County's Statement of Activities for 2014 and 2013.

Statement of Activities:	Governmental and Business-type Activities 2014	Governmental and Business-type Activities 2013 (as restated)
Program revenues		
Charges for services	\$ 830,612	\$ 426,441
Operating grants and contributions	4,127,970	4,768,248
Capital grants and contributions	117,953	1,259,489
General revenues		
Property taxes	11,252,512	11,277,130
Other taxes	2,228,527	2,205,676
Revenue from use of money and property	30,930	37,613
Miscellaneous	109,837	185,323
Grants and contributions not restricted to specific programs	1,260,137	1,321,311
Gain on disposal of asset	1,439,110	-
Total revenues	<u>\$ 21,397,588</u>	<u>\$ 21,481,231</u>
Expenses		
General government	\$ 1,579,706	\$ 1,129,245
Judicial administration	727,953	720,041
Public safety	6,386,449	5,294,984
Public works	2,255,376	1,501,421
Health and welfare	1,720,817	1,715,921
Education	8,748,911	8,132,095
Parks, recreation and cultural	469,479	497,565
Community development	573,776	1,961,182
Interest on debt	1,701,434	1,737,202
Total expenses	<u>\$ 24,163,901</u>	<u>\$ 22,689,656</u>
Change in net position	<u>\$ (2,766,313)</u>	<u>\$ (1,208,425)</u>

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,209,538. Approximately .37% of this total amount, \$26,519, constitutes restricted fund balance, and 1.7% of the total amount, \$122,750, 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, \$7,060,269, or 97.9%, 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 \$7,120,860, and \$6,971,591 of which is considered unassigned.

Total governmental fund revenues for fiscal year ended June 30, 2014 decreased \$896,231 and expenses decreased \$574,250 over prior year amounts. For fiscal year ended June 30, 2014 expenses exceeded revenues by \$2,611,334, as compared to the fiscal year ended June 30, 2013, in which expenses exceeded revenues by \$2,289,353.

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, 2014 amounts to \$46,390,246 (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 \$4,804,096 (net of accumulated depreciation). Capital asset activity for the school board as of June 30, 2014, amounts to \$11,303,660 (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	\$ 8,141,386
Lease Revenue Note	22,635,000
Bond Premiums	238,653
Bond Discount	(138,558)
Literary Loans	1,860,000
Capital Leases	2,856,877
Compensated Absences	611,234
Net OPEB Obligation	73,504
Total	<u>\$ 36,278,096</u>
Business-type Activities:	
Rural Development Loans	3,466,679
Total	<u>\$ 3,466,679</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 and a loader to be used at the transfer station. The combined asset value of the leases is \$3,059,032 (net of accumulated depreciation). The present value of the lease agreements is \$2,856,877. Note 7 provides additional details of the future minimum lease obligation.

Long-Term Liabilities - Component Unit-School Board

Net OPEB Obligation	\$805,250
Compensated Absences	397,050
Total	<u>\$1,202,300</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 2014 unemployment rate for the County of Patrick, Virginia was 6.4%, which is a slight decrease from the rate of 7.6% in June 2013.

Request for Information

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

Basic Financial Statements

County of Patrick, Virginia
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit <u>School Board</u>	Component Unit <u>EDA</u>
	Governmental	Business-type	Total		
	<u>Activities</u>	<u>Activities</u>			
ASSETS					
Cash and cash equivalents	\$ 4,385,158	\$ -	\$ 4,385,158	\$ 1,268,814	\$ 123,875
Cash in custody of others	49,889	-	49,889	200	-
Investments	3,879,120	-	3,879,120	340,635	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,080,132	-	4,080,132	-	-
Other local taxes	222,945	-	222,945	-	-
Accounts receivable	34,461	22,503	56,964	-	-
Due from component units	471,975	-	471,975	-	-
Due from other governmental units	545,713	-	545,713	508,663	-
Prepaid items	-	-	-	170,287	4,748
Restricted assets:					
Cash and cash equivalents	-	57,024	57,024	-	-
Other assets:					
Deposit held for land purchase	-	-	-	-	5,000
Inventory: Industrial sites held for resale	-	-	-	-	2,331,128
Capital assets (net of accumulated depreciation):					
Land	1,152,364	-	1,152,364	561,748	85,000
Buildings and improvements	44,590,920	-	44,590,920	8,780,045	1,665,547
Machinery and equipment	584,962	-	584,962	1,961,867	27,483
Infrastructure	-	4,804,096	4,804,096	-	-
Construction in progress	62,000	-	62,000	-	-
Total assets	<u>\$ 60,059,639</u>	<u>\$ 4,883,623</u>	<u>\$ 64,943,262</u>	<u>\$ 13,592,259</u>	<u>\$ 4,242,781</u>
LIABILITIES					
Accounts payable	\$ 225,451	\$ 350	\$ 225,801	\$ 206,975	\$ 350
Accrued liabilities (salaries payable)	30,950	-	30,950	1,268,426	-
Estimate of incurred but not reported health claims	150,300	-	150,300	-	-
Accrued interest payable	556,106	1,900	558,006	-	-
Due to primary government	-	-	-	471,975	-
Customer deposits	-	10,944	10,944	-	-
Long-term liabilities:					
Due within one year	1,274,283	45,810	1,320,093	-	-
Due in more than one year	35,003,813	3,420,869	38,424,682	1,202,300	-
Total liabilities	<u>\$ 37,240,903</u>	<u>\$ 3,479,873</u>	<u>\$ 40,720,776</u>	<u>\$ 3,149,676</u>	<u>\$ 350</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 4,178,835	\$ -	\$ 4,178,835	\$ -	\$ -
NET POSITION					
Net investment in capital assets	\$ 10,796,888	\$ 1,337,417	\$ 12,134,305	\$ 11,303,660	\$ 1,778,030
Restricted:					
Fred Clifton Park	3,541	-	3,541	-	-
Recreation	22,978	-	22,978	-	-
Debt service and bond covenants	-	46,080	46,080	-	-
School cafeteria	-	-	-	341,023	-
Unrestricted (deficit)	7,816,494	20,253	7,836,747	(1,202,100)	2,464,401
Total net position	<u>\$ 18,639,901</u>	<u>\$ 1,403,750</u>	<u>\$ 20,043,651</u>	<u>\$ 10,442,583</u>	<u>\$ 4,242,431</u>

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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total		
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 1,579,706	\$ 5,132	\$ 204,628	-	\$ (1,369,946)	\$ -	\$ -	\$ -	-
Judicial administration	727,953	50,006	443,219	-	(234,728)	-	-	-	-
Public safety	6,386,449	409,553	2,265,797	25,000	(3,686,099)	-	-	-	-
Public works	1,453,885	249,515	20,601	-	(1,183,769)	-	-	-	-
Health and welfare	1,720,817	-	1,185,937	-	(534,880)	-	-	-	-
Education	8,748,911	-	-	-	(8,748,911)	-	-	-	-
Parks, recreation, and cultural	469,479	26,267	5,000	-	(438,212)	-	-	-	-
Community development	573,776	-	2,788	-	(570,988)	-	-	-	-
Interest on long-term debt	1,701,434	-	-	-	(1,701,434)	-	-	-	-
Total governmental activities	\$ 23,362,410	\$ 740,473	\$ 4,127,970	\$ 25,000	\$ (18,468,967)	\$ -	\$ -	\$ -	\$ -
Business-type activities:									
Public Service Authority	\$ 801,491	\$ 90,139	\$ -	\$ 92,953	\$ -	\$ (618,399)	\$ (618,399)	\$ -	\$ -
Total primary government	\$ 24,163,901	\$ 830,612	\$ 4,127,970	\$ 117,953	\$ (18,468,967)	\$ (618,399)	\$ (19,087,366)	\$ -	\$ -
COMPONENT UNIT:									
School Board	\$ 26,597,584	\$ 765,674	\$ 18,944,315	\$ 330,977	\$ -	\$ -	\$ -	\$ (6,556,618)	\$ -
EDA	712,771	-	485,000	-	-	-	-	-	(227,771)
Total component units	\$ 27,310,355	\$ 765,674	\$ 19,429,315	\$ 330,977	\$ -	\$ -	\$ -	\$ (6,556,618)	\$ (227,771)
General revenues:									
General property taxes			\$ 11,252,512	\$ -	\$ 11,252,512	\$ -	\$ -	\$ -	\$ -
Other local taxes:									
Local sales and use taxes			1,060,906	-	1,060,906	-	-	-	-
Consumers' utility taxes			404,658	-	404,658	-	-	-	-
Gross receipts			16,920	-	16,920	-	-	-	-
Consumption taxes			58,414	-	58,414	-	-	-	-
Motor vehicle licenses			441,596	-	441,596	-	-	-	-
Bank stock taxes			20,347	-	20,347	-	-	-	-
Taxes on recordation and wills			64,074	-	64,074	-	-	-	-
Hotel and motel room taxes			161,612	-	161,612	-	-	-	-
Unrestricted revenues from use of money and property			30,093	837	30,930	4,985	180,066	180,066	87
Miscellaneous			109,837	-	109,837	-	76,178	76,178	87
Contribution from Patrick County			-	-	-	-	8,604,045	8,604,045	63,477
Grants and contributions not restricted to specific programs			1,260,137	-	1,260,137	-	-	-	-
Gain on disposal of capital assets			1,439,110	-	1,439,110	-	-	-	-
Transfers			(224,313)	224,313	-	-	-	-	-
Total general revenues and transfers			\$ 16,095,903	\$ 225,150	\$ 16,321,053	\$ -	\$ 8,685,208	\$ 8,685,208	\$ 243,630
Change in net position			\$ (2,373,064)	\$ (393,249)	\$ (2,766,313)	\$ -	\$ 2,128,590	\$ 2,128,590	\$ 15,859
Net position - beginning, as restated			21,012,965	1,796,999	22,809,964	-	8,313,993	8,313,993	4,226,572
Net position - ending			\$ 18,639,901	\$ 1,403,750	\$ 20,043,651	\$ -	\$ 10,442,583	\$ 10,442,583	\$ 4,242,431

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

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>School Construction</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,082,124	\$ -	\$ 82,599	\$ 4,164,723
Cash in custody of others	49,889	-	-	49,889
Investments	2,708,620	-	25,159	2,733,779
Receivables (net of allowance for uncollectibles)				
Taxes receivable	4,080,132	-	-	4,080,132
Other local taxes	222,945	-	-	222,945
Accounts receivable	34,461	-	-	34,461
Due from component unit	471,975	-	-	471,975
Due from other governmental units	545,713	-	-	545,713
Total assets	<u>\$ 12,195,859</u>	<u>\$ -</u>	<u>\$ 107,758</u>	<u>\$ 12,303,617</u>
LIABILITIES				
Accounts payable	\$ 206,371	\$ -	\$ 19,080	\$ 225,451
Accrued liabilities	30,950	-	-	30,950
Total liabilities	<u>\$ 237,321</u>	<u>\$ -</u>	<u>\$ 19,080</u>	<u>\$ 256,401</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 4,837,678	\$ -	\$ -	\$ 4,837,678
FUND BALANCES				
Restricted:				
Fred Clifton Park	\$ 3,541	\$ -	\$ -	\$ 3,541
Recreation	22,978	-	-	22,978
Committed:				
Law library	14,992	-	-	14,992
Asset Forfeiture	107,758	-	-	107,758
Unassigned	6,971,591	-	88,678	7,060,269
Total fund balances	<u>\$ 7,120,860</u>	<u>\$ -</u>	<u>\$ 88,678</u>	<u>\$ 7,209,538</u>
Total liabilities and fund balances	<u>\$ 12,195,859</u>	<u>\$ -</u>	<u>\$ 107,758</u>	<u>\$ 12,303,617</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 7,209,538

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	44,590,920	
Machinery and equipment	584,962	
Construction in progress	<u>62,000</u>	46,390,246

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 658,843

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. 1,215,476

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	\$ (238,653)	
Bond discount	138,558	
Accrued interest payable	(556,106)	
Compensated absences	(611,234)	
Net OPEB obligation	(73,504)	
Capital leases	(2,856,877)	
Bonds and notes payable	<u>(32,636,386)</u>	(36,834,202)

Net position of governmental activities \$ 18,639,901

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, 2014

	<u>General</u>	<u>School Construction</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 11,378,490	\$ -	\$ -	\$ 11,378,490
Other local taxes	2,228,527	-	-	2,228,527
Permits, privilege fees, and regulatory licenses	81,031	-	-	81,031
Fines and forfeitures	18,892	-	-	18,892
Revenue from the use of money and property	28,118	1,669	306	30,093
Charges for services	640,550	-	-	640,550
Miscellaneous	84,537	25,300	-	109,837
Recovered costs	366,351	-	-	366,351
Intergovernmental:				
Commonwealth	4,340,587	-	2,905	4,343,492
Federal	972,112	-	97,503	1,069,615
Total revenues	<u>\$ 20,139,195</u>	<u>\$ 26,969</u>	<u>\$ 100,714</u>	<u>\$ 20,266,878</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,596,476	\$ -	\$ -	\$ 1,596,476
Judicial administration	724,378	-	-	724,378
Public safety	6,016,498	-	96,427	6,112,925
Public works	1,391,541	-	-	1,391,541
Health and welfare	1,695,066	-	-	1,695,066
Education	4,660,379	2,435,951	-	7,096,330
Parks, recreation, and cultural	482,503	-	-	482,503
Community development	630,345	-	-	630,345
Capital projects	132,740	-	-	132,740
Debt service:				
Principal retirement	1,290,577	-	-	1,290,577
Interest and other fiscal charges	1,725,331	-	-	1,725,331
Total expenditures	<u>\$ 20,345,834</u>	<u>\$ 2,435,951</u>	<u>\$ 96,427</u>	<u>\$ 22,878,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (206,639)</u>	<u>\$ (2,408,982)</u>	<u>\$ 4,287</u>	<u>\$ (2,611,334)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (224,313)	\$ -	\$ -	\$ (224,313)
Sale of capital assets	50,000	-	-	50,000
Insurance recoveries	-	1,389,110	-	1,389,110
Total other financing sources (uses)	<u>\$ (174,313)</u>	<u>\$ 1,389,110</u>	<u>\$ -</u>	<u>\$ 1,214,797</u>
Net change in fund balances	\$ (380,952)	\$ (1,019,872)	\$ 4,287	\$ (1,396,537)
Fund balances - beginning, as restated	7,501,812	1,019,872	84,391	8,606,075
Fund balances - ending	<u>\$ 7,120,860</u>	<u>\$ -</u>	<u>\$ 88,678</u>	<u>\$ 7,209,538</u>

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, 2014

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

Net change in fund balances - total governmental funds \$ (1,396,537)

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	289,812	
Reversion to the School Board, net	(618,908)	
Depreciation expense	<u>(1,515,359)</u>	(1,844,455)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position. (22,059)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease (increase) in unavailable revenue - property taxes (125,978)

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	891,484	
Literary loans	195,000	
Capital leases	<u>204,093</u>	1,290,577

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	(108,100)	
(Decrease) increase in premium on issuance	13,912	
Decrease (increase) in discount on issuance	(5,542)	
Decrease (increase) in accrued interest payable	15,527	
Decrease (increase) in net OPEB obligation	<u>(13,988)</u>	(98,191)

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. (176,421)

Change in net position of governmental activities \$ (2,373,064)

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, 2014

	Public Service Authority			Internal Service Fund
	Water Fund	Sewer Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 220,435
Investments	-	-	-	1,145,341
Accounts receivables, net of allowances for uncollectibles	8,880	13,623	22,503	-
Total current assets	<u>\$ 8,880</u>	<u>\$ 13,623</u>	<u>\$ 22,503</u>	<u>\$ 1,365,776</u>
Noncurrent assets:				
Restricted current assets:				
Cash and cash equivalents	\$ 22,501	\$ 34,523	\$ 57,024	\$ -
Capital assets (net of accumulated depreciation):				
Infrastructure	\$ 1,864,313	\$ 2,939,783	\$ 4,804,096	\$ -
Total capital assets	<u>\$ 1,864,313</u>	<u>\$ 2,939,783</u>	<u>\$ 4,804,096</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 1,886,814</u>	<u>\$ 2,974,306</u>	<u>\$ 4,861,120</u>	<u>\$ -</u>
Total assets	<u>\$ 1,895,694</u>	<u>\$ 2,987,929</u>	<u>\$ 4,883,623</u>	<u>\$ 1,365,776</u>
LIABILITIES				
Current liabilities:				
Estimate of incurred but not reported health claims	\$ -	\$ -	\$ -	\$ 150,300
Accounts payable	138	212	350	-
Customers' deposits	4,318	6,626	10,944	-
Accrued interest payable	774	1,126	1,900	-
Bonds payable - current portion	18,661	27,149	45,810	-
Total current liabilities	<u>\$ 23,891</u>	<u>\$ 35,113</u>	<u>\$ 59,004</u>	<u>\$ 150,300</u>
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 1,393,235	\$ 2,027,634	\$ 3,420,869	\$ -
Total noncurrent liabilities	<u>\$ 1,393,235</u>	<u>\$ 2,027,634</u>	<u>\$ 3,420,869</u>	<u>\$ -</u>
Total liabilities	<u>\$ 1,417,126</u>	<u>\$ 2,062,747</u>	<u>\$ 3,479,873</u>	<u>\$ 150,300</u>
NET POSITION				
Net investment in capital assets	\$ 452,417	\$ 885,000	\$ 1,337,417	\$ -
Restricted for debt service and bond covenants	18,183	27,897	46,080	-
Unrestricted	7,968	12,285	20,253	1,215,476
Total net position	<u>\$ 478,568</u>	<u>\$ 925,182</u>	<u>\$ 1,403,750</u>	<u>\$ 1,215,476</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, 2014

	Public Service Authority			Internal Service Fund
	Water Fund	Sewer Fund	Total	
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ 61,646	\$ -	\$ 61,646	\$ -
Sewer revenues	-	28,493	28,493	-
Insurance premiums	-	-	-	2,367,996
Miscellaneous	-	-	-	64,808
Total operating revenues	<u>\$ 61,646</u>	<u>\$ 28,493</u>	<u>\$ 90,139</u>	<u>\$ 2,432,804</u>
OPERATING EXPENSES				
Administration	\$ 20,695	\$ 9,565	\$ 30,260	\$ -
Purchase of water	33,553	-	33,553	-
Purchase of sewer	-	14,404	14,404	-
Pump station maintenance	-	3,600	3,600	-
Depreciation	46,944	73,621	120,565	-
Insurance claims and expenses	-	-	-	2,610,396
Total operating expenses	<u>\$ 101,192</u>	<u>\$ 101,190</u>	<u>\$ 202,382</u>	<u>\$ 2,610,396</u>
Operating income (loss)	<u>\$ (39,546)</u>	<u>\$ (72,697)</u>	<u>\$ (112,243)</u>	<u>\$ (177,592)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	\$ 572	\$ 265	\$ 837	1,171
Refund of unused grant funds	(314,283)	(145,262)	(459,545)	-
Interest expense	(56,841)	(82,723)	(139,564)	-
Total nonoperating revenues (expenses)	<u>\$ (370,552)</u>	<u>\$ (227,720)</u>	<u>\$ (598,272)</u>	<u>\$ 1,171</u>
Income (loss) before capital contributions and transfers	<u>\$ (410,098)</u>	<u>\$ (300,417)</u>	<u>\$ (710,515)</u>	<u>\$ (176,421)</u>
Capital contributions and construction grants	63,571	29,382	92,953	-
Transfers in	103,191	121,122	224,313	-
Change in net position	<u>\$ (243,336)</u>	<u>\$ (149,913)</u>	<u>\$ (393,249)</u>	<u>\$ (176,421)</u>
Total net position - beginning, as restated	721,904	1,075,095	1,796,999	1,391,897
Total net position - ending	<u>\$ 478,568</u>	<u>\$ 925,182</u>	<u>\$ 1,403,750</u>	<u>\$ 1,215,476</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, 2014

	Public Service Authority			Internal Service Fund
	Water Fund	Sewer Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for insurance premiums	\$ -	\$ -	\$ -	\$ 2,367,996
Receipts from customers and users	59,925	25,856	85,781	-
Payments to suppliers	(54,208)	(27,529)	(81,737)	-
Payments for premiums	-	-	-	(2,653,034)
Other receipts (payments)	-	-	-	64,808
Net cash provided by (used for) operating activities	<u>\$ 5,717</u>	<u>\$ (1,673)</u>	<u>\$ 4,044</u>	<u>\$ (220,230)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>\$ 103,191</u>	<u>\$ 121,122</u>	<u>\$ 224,313</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of infrastructure	\$ (51,743)	\$ (79,353)	\$ (131,096)	\$ -
Principal payments on bonds	(17,093)	(24,868)	(41,961)	-
Contributions in aid of construction	63,571	120,086	183,657	-
Refund on unused grant funding	(314,283)	(145,262)	(459,545)	-
Interest payments	(56,851)	(82,736)	(139,587)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (376,399)</u>	<u>\$ (212,133)</u>	<u>\$ (588,532)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>\$ 572</u>	<u>\$ 265</u>	<u>\$ 837</u>	<u>\$ 1,171</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (266,919)</u>	<u>\$ (92,419)</u>	<u>\$ (359,338)</u>	<u>\$ (219,059)</u>
Cash and cash equivalents - beginning	<u>\$ 289,420</u>	<u>\$ 126,942</u>	<u>\$ 416,362</u>	<u>\$ 1,584,835</u>
Cash and cash equivalents - ending (including restricted cash of \$57,024)	<u>\$ 22,501</u>	<u>\$ 34,523</u>	<u>\$ 57,024</u>	<u>\$ 1,365,776</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	<u>\$ (39,546)</u>	<u>\$ (72,697)</u>	<u>\$ (112,243)</u>	<u>\$ (177,592)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 46,944	\$ 73,621	\$ 120,565	\$ -
(Increase) decrease in accounts receivable	(4,429)	(6,793)	(11,222)	-
Increase (decrease) in customer deposits	2,708	4,156	6,864	-
Increase (decrease) in accounts payable	40	40	80	(42,638)
Total adjustments	<u>\$ 45,263</u>	<u>\$ 71,024</u>	<u>\$ 116,287</u>	<u>\$ (42,638)</u>
Net cash provided by (used for) operating activities	<u>\$ 5,717</u>	<u>\$ (1,673)</u>	<u>\$ 4,044</u>	<u>\$ (220,230)</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, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 35,238
Total assets	<u>\$ 35,238</u>
 LIABILITIES	
Amounts held for Social Services clients	\$ 13,598
Amounts held for DeHart Cemetery	6,056
Amounts held for inmates	<u>15,584</u>
Total liabilities	<u>\$ 35,238</u>

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014

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

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 - The Patrick County Public Service Authority provides water and sewer service to the County. The Public Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Public Service Authority's Board.

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 Economic Development Authority of Patrick County (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, 2014, the County contributed \$264,904 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, 2014 the County contributed \$42,213 to the Community Services Board.

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.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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

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

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

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

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.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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

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 County's fiduciary fund is presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

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

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

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, Law Library, Fred Clifton Park, Capital Projects, and Courthouse Security Funds.

The *School Construction 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 Asset Forfeiture Fund is reported as a nonmajor special revenue fund.

The government reports the following proprietary funds:

The *Water Fund* is used to account for and report the activities related to the blended Patrick County Public Service Authority's water distribution system.

The *Sewer Fund* is used to account for and report the activities related to the blended Patrick County Public Service Authority's sewer system.

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.

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

The component unit of the government reports the following major governmental fund:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts and reports for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Patrick, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

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 *nonoperating* 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 nonoperating revenues and expenses.

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.

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").

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 noncurrent 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".

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

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

2. Receivables and payables (continued)

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 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$128,799 at June 30, 2014 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.

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 for business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during this fiscal year.

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 (continued)

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:

<u>Assets</u>	<u>Years</u>
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.

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. Prepaid items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

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

10. Fund equity

The County reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County evaluated its funds 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 considers to be the Board of Supervisors; 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 considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors;
- Unassigned - this category is for any balances that have no restrictions placed upon them; positive amounts are only reported in the general fund.

The Board of Supervisors is the County's highest level of decision-making authority and the formal action that is required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Supervisors. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

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 (expenditure/expense) until then. The County does not have any deferred outflows of resources to report at June 30, 2014.

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

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

11. Deferred Outflows/Inflows of Resources (continued)

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.

The County's net position is classified as follows:

Net Investment in Capital Assets - This category represents the net value of capital assets (property, plant, and equipment less accumulated depreciation) reduced by the debt incurred to acquire or construct the asset. 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.

Restricted - This category includes resources for which the County is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted - Unrestricted net position represents resources derived from charges to customers for goods received, services rendered or privileges provided, operating grants and contributions, and capital grants and contributions. These resources are used for transactions relating to the operations of the County and may be used at the County's discretion to meet current expenses for any lawful purposes.

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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

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, 2014, there were not any funds/departments that over expended appropriations.
10. Deficit fund equity
At June 30, 2014, there were no funds with deficit fund equity.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 3-Deposits and Investments:

Deposits:

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

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).

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, 2014 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

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 4,219,755

Concentration of Credit Risk:

At June 30, 2014, 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, 2014, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 3-Deposits and Investments: (Continued)

External Investment Pools:

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

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> </u>	<u> </u>
<u>Commonwealth of Virginia:</u>		
State sales tax	\$ -	\$ 427,229
Noncategorical aid	97,013	-
Categorical aid-shared expenses	208,722	-
Categorical aid-VPA funds	31,914	-
Categorical aid-other	138,537	-
<u>Federal Government:</u>		
Categorical aid-VPA funds	61,078	-
Categorical aid-other	8,449	81,434
	<u> </u>	<u> </u>
Totals	\$ <u>545,713</u>	\$ <u>508,663</u>

Note 5-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u> </u>	<u> </u>	<u> </u>
Primary Government:		
General Fund	\$ <u>471,975</u>	\$ <u>-</u>
Component Unit - School Board:		
School Operating Fund	\$ <u>-</u>	\$ <u>471,975</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 6-Long-term Obligations:

Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2014.

	As Restated,			
	Balance	Increases/	Decreases/	Balance
	July 1, 2013	Issuances	Retirements	June 30, 2014
General obligation bonds	\$ 8,527,870	\$ -	(386,484)	\$ 8,141,386
Lease revenue note	23,140,000	-	(505,000)	22,635,000
Bond premiums	252,565	-	(13,912)	238,653
Bond discount	(144,100)	-	5,542	(138,558)
Literary loans	2,055,000	-	(195,000)	1,860,000
Capital leases	2,934,087	126,883	(204,093)	2,856,877
Compensated absences	503,134	108,100	-	611,234
Net OPEB obligation	59,516	31,088	(17,100)	73,504
Total	\$ 37,328,072	\$ 266,071	\$ (1,316,047)	\$ 36,278,096

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
2015	\$ 327,332	\$ 437,324	\$ 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	373,883	370,191	195,000	24,900	610,000	972,206
2020-2024	1,989,224	1,565,726	585,000	69,601	3,440,000	4,457,681
2025-2029	1,177,996	1,122,469	300,000	21,000	4,255,000	3,643,738
2030-2034	1,300,000	767,683	-	-	5,320,000	2,580,675
2035-2039	1,570,000	344,602	-	-	6,795,000	1,106,175
2040-2044	355,000	10,495	-	-	-	-
Totals	\$ 8,141,386	\$ 5,833,781	\$ 1,860,000	\$ 258,601	\$ 22,635,000	\$ 16,868,644

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 6-Long-term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	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	2.35-5.1%	11/7/2002	2022	\$ 469,054	\$ 212,584	\$ 24,095
General Obligation Bond	4.1-5.6%	10/15/2004	2025	1,630,018	918,965	81,753
General Obligation Bond	4.6-5.1%	11/10/2005	2026	1,787,287	1,089,837	86,484
General Obligation Bond	4.6-5.1%	11/9/2009	2040	6,295,000	5,920,000	135,000
Total General Obligation Bonds					<u>\$ 8,141,386</u>	<u>\$ 327,332</u>
Lease Revenue Note:						
Lease Revenue Note	3-5.25%	7/29/2008	2039	25,000,000	22,635,000	525,000
Subtotal GO Bonds and Note					<u>\$ 30,776,386</u>	<u>\$ 852,332</u>
Add:						
Premium	n/a	10/15/2004	2025	117,079	\$ 64,393	\$ 5,854
Premium	n/a	11/10/2005	2026	97,867	66,547	3,915
Premium	n/a	11/9/2009	2040	124,285	107,713	4,143
Less:						
Discount	n/a	7/29/2008	2039	166,268	(138,558)	(5,542)
Total GO Bonds and Note					<u>\$ 30,876,481</u>	<u>\$ 860,702</u>
Literary Loans:						
State Literary Fund Loan	2%	4/24/2000	2020	1,500,000	\$ 450,000	\$ 75,000
State Literary Fund Loan	3%	3/8/2002	2022	900,000	360,000	45,000
State Literary Fund Loan	2%	7/15/2008	2029	1,425,000	1,050,000	75,000
Total Literary Loans					<u>\$ 1,860,000</u>	<u>\$ 195,000</u>
Capital Leases:						
Capital Lease	4.73%	8/15/2008	2023	3,403,504	\$ 2,752,347	\$ 195,736
Capital Lease	3.20%	11/9/2012		139,500	104,530	22,845
Total Capital Leases					<u>\$ 2,856,877</u>	<u>\$ 218,581</u>
Other Obligations						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 611,234	\$ -
Net OPEB Obligation	n/a	n/a	n/a	n/a	73,504	-
Total Other Obligations					<u>\$ 684,738</u>	<u>\$ -</u>
Total Long-term Obligations					<u>\$ 36,278,096</u>	<u>\$ 1,274,283</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 6-Long-term Obligations: (Continued)

Primary Government - Business-type Activities Obligations: (Continued)

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2014.

	Balance July 1, 2013	Issuances	Retirements	Balance June 30, 2014
Rural Development Loans	\$ 3,508,640	\$ -	(41,961)	\$ 3,466,679

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

Year Ending June 30,	Rural Development Loans	
	Principal	Interest
2015	\$ 45,810	\$ 135,738
2016	45,542	136,006
2017	47,398	134,150
2018	49,329	132,219
2019	51,338	130,209
2020-2024	289,823	617,917
2025-2029	353,873	553,867
2030-2034	432,078	475,662
2035-2039	527,566	380,174
2040-2044	644,156	263,584
2045-2049	786,512	121,228
2050-2051	193,254	4,562
Totals	\$ 3,466,679	\$ 3,085,316

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	\$ 2,054,783	\$ 27,149
Rural Development Loan	4.00%	8/25/2010	2051	1,443,000	1,411,896	18,661
Total Long-term obligations					\$ 3,466,679	\$ 45,810

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7-Capital Leases:

Primary Government:

The County has entered into lease agreements to finance the acquisition of energy efficient equipment to be used by the public schools and a loader to be used at the County's transfer station. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

Energy Efficient Equipment	\$	3,142,372
CAT Loader		145,728
Less: Accumulated depreciation		<u>(229,068)</u>
Net capital assets	\$	<u><u>3,059,032</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Capital</u> <u>Leases</u>
2015	\$ 354,689
2016	360,115
2017	365,761
2018	371,638
2019	360,287
2020-2024	<u>1,859,999</u>
Sub-total	\$ 3,672,489
Less, amount representing interest	<u>(815,612)</u>
Present Value of Lease Agreements	\$ <u><u>2,856,877</u></u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8-Long-term Obligations-Component Unit School Board:

Discretely Presented Component Unit-School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2014.

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Net OPEB Obligation	\$ 576,675	\$ 358,575	\$ (130,000)	\$ 805,250
Compensated absences	415,395	-	(18,345)	397,050
Total	<u>\$ 992,070</u>	<u>\$ 358,575</u>	<u>\$ (148,345)</u>	<u>\$ 1,202,300</u>

Details of Obligations:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net OPEB Obligation	\$ 805,250	\$ -
Compensated absences	397,050	-
Total Long-term Obligations	<u>\$ 1,202,300</u>	<u>\$ -</u>

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Note 9—Employee Retirement System and Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer 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. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to 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.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

- 4. Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
14. **Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. **Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** - Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Same as VRS Plan 1—Refer to Section 17.

HYBRID RETIREMENT PLAN

- 1. Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- 2. Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- School division employees
- Political subdivision employees*

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

2. Eligible Members (Continued)

- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014

3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers’ Retirement System (SPORS)
- Members of the Virginia Law Officers’ Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. Retirement Contributions - A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- 8. Average Final Compensation** - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Refer to VRS Plan 1 and VRS Plan 2—Refer to Section 15.

Note 9—Employee Retirement System and Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

- 16. Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service**

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

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 website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. 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 and School Board are 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's and School Board's contribution rates for the fiscal year ended 2014 were 13.82% and 11.01% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,559,788, \$1,347,947, and \$777,609, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

Note 9—Employee Retirement System and Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2014, County’s annual pension cost of \$683,781 was equal to the County’s required and actual contributions.

Three Year Trend Information - County					
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
June 30, 2014	\$ 683,781	100.00%	\$ -		
June 30, 2013	633,508	100.00%	-		
June 30, 2012	512,460	100.00%	-		

For fiscal year 2014, School Board’s annual pension cost of \$192,379 was equal to the School Board’s required and actual contributions.

Three Year Trend Information - School Board Non-Professional					
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
June 30, 2014	\$ 192,379	100.00%	\$ -		
June 30, 2013	187,639	100.00%	-		
June 30, 2012	142,755	100.00%	-		

The FY 2014 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 6.20% 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’s and School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Note 9—Employee Retirement System and Pension Plan: (Continued)

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 75.76% funded. The actuarial accrued liability for benefits was \$19,629,260, and the actuarial value of assets was \$14,870,535, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,758,725. The covered payroll (annual payroll of active employees covered by the plan) was \$4,589,879 and ratio of the UAAL to the covered payroll was 103.68%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 78.21% funded. The actuarial accrued liability for benefits was \$6,701,093, and the actuarial value of assets was \$5,241,035, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,460,058. The covered payroll (annual payroll of active employees covered by the plan) was \$1,709,128 and ratio of the UAAL to the covered payroll was 85.43%.

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.

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government:

	As Restated, Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,152,364	\$ -	\$ -	\$ 1,152,364
Construction in progress	-	62,000	-	62,000
Total capital assets not being depreciated	<u>\$ 1,152,364</u>	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ 1,214,364</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 52,650,024	\$ -	\$ (1,151,824)	\$ 51,498,200
Machinery and equipment	2,995,684	227,812	(24,458)	3,199,038
Total capital assets being depreciated	<u>\$ 55,645,708</u>	<u>\$ 227,812</u>	<u>\$ (1,176,282)</u>	<u>\$ 54,697,238</u>
Accumulated depreciation:				
Buildings and improvements	\$ (6,120,031)	\$ (1,320,165)	\$ 532,916	\$ (6,907,280)
Machinery and equipment	(2,421,281)	(195,194)	2,399	(2,614,076)
Total accumulated depreciation	<u>\$ (8,541,312)</u>	<u>\$ (1,515,359)</u>	<u>\$ 535,315</u>	<u>\$ (9,521,356)</u>
Total capital assets being depreciated, net	<u>\$ 47,104,396</u>	<u>\$ (1,287,547)</u>	<u>\$ (640,967)</u>	<u>\$ 45,175,882</u>
Governmental activities capital assets, net	<u>\$ 48,256,760</u>	<u>\$ (1,225,547)</u>	<u>\$ (640,967)</u>	<u>\$ 46,390,246</u>

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (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>923,685</u>	\$ <u>50</u>	\$ <u>(923,735)</u>	\$ <u>-</u>
Capital assets, being depreciated:				
Infrastructure	\$ <u>4,129,797</u>	\$ <u>923,735</u>	\$ <u>-</u>	\$ <u>5,053,532</u>
Accumulated depreciation:				
Infrastructure	\$ <u>(128,871)</u>	\$ <u>(120,565)</u>	\$ <u>-</u>	\$ <u>(249,436)</u>
Total capital assets being depreciated, net	\$ <u>4,000,926</u>	\$ <u>803,170</u>	\$ <u>-</u>	\$ <u>4,804,096</u>
Business-type Activities capital assets, net	\$ <u><u>4,924,611</u></u>	\$ <u><u>803,220</u></u>	\$ <u><u>(923,735)</u></u>	\$ <u><u>4,804,096</u></u>

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

Governmental Activities	
General government administration	\$ 12,792
Judicial administration	280
Public safety	435,338
Public works	148,237
Health and Welfare	3,780
Parks, recreation, and cultural	1,560
Community development	<u>9,568</u>
Total depreciation expense-governmental activities	<u><u>\$ 611,555</u></u>
Business-type Activities	
PSA fund	<u><u>\$ 120,565</u></u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 10-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2014 was as follows:

Discretely Presented Component Unit:

	As Restated, Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 554,155	\$ 7,593	\$ -	\$ 561,748
Construction in progress	<u>2,574,296</u>	<u>2,155,572</u>	<u>(4,729,868)</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 3,128,451</u>	<u>\$ 2,163,165</u>	<u>\$ (4,729,868)</u>	<u>\$ 561,748</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 13,989,079	\$ 6,024,887	\$ -	\$ 20,013,966
Machinery and equipment	<u>5,875,921</u>	<u>7,750</u>	<u>(189,062)</u>	<u>5,694,609</u>
Total capital assets being depreciated	<u>\$ 19,865,000</u>	<u>\$ 6,032,637</u>	<u>\$ (189,062)</u>	<u>\$ 25,708,575</u>
Accumulated depreciation:				
Buildings and improvements	\$ (10,319,728)	\$ (914,193)	\$ -	\$ (11,233,921)
Machinery and equipment	<u>(3,621,252)</u>	<u>(300,552)</u>	<u>189,062</u>	<u>(3,732,742)</u>
Total accumulated depreciation	<u>\$ (13,940,980)</u>	<u>\$ (1,214,745)</u>	<u>\$ 189,062</u>	<u>\$ (14,966,663)</u>
Total capital assets being depreciated, net	<u>\$ 5,924,020</u>	<u>\$ 4,817,892</u>	<u>\$ -</u>	<u>\$ 10,741,912</u>
Governmental activities capital assets, net	<u>\$ 9,052,471</u>	<u>\$ 6,981,057</u>	<u>\$ (4,729,868)</u>	<u>\$ 11,303,660</u>

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

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:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
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
<u>VACo Insurance Programs:</u>	
All County employees: blanket bond	\$ 250,000
<u>VaRisk 2:</u>	
All Social Services employees: blanket bond	\$ 250,000

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 13-Surety Bonds: (Continued)

Component Unit - School Board:

Zurick North America:

Dr. William D. Sroufe, 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

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
June 30, 2014 (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:

	<u>Employee</u>	<u>Retiree and Spouse</u>	<u>Retiree and Child</u>	<u>Retiree and Children</u>	<u>Family</u>
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 2014, the County’s annual OPEB cost (expense) of \$31,088 exceeded its contribution of \$17,100. The obligation calculation is as follows:

Annual required contribution	\$ 32,276
Interest on net OPEB obligation	2,145
Adjustment to annual required contribution	<u>(3,333)</u>
Annual OPEB cost (expense)	31,088
Contributions made	<u>17,100</u>
Increase in net OPEB obligation	13,988
Net OPEB obligation - beginning of year	<u>59,516</u>
Net OPEB obligation - end of year	<u><u>\$ 73,504</u></u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (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 2014 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>
6/30/2014 \$	31,088	55%	73,504
6/30/2013	23,367	46%	59,516
6/30/2012	22,484	46%	46,799

For 2014, the School Board’s annual OPEB cost (expense) of \$358,575 exceeded its contribution of \$130,000. The obligation calculation is as follows:

Annual required contribution	\$ 370,995
Interest on net OPEB obligation	22,441
Adjustment to annual required contribution	<u>(34,861)</u>
Annual OPEB cost (expense)	358,575
Contributions made	<u>130,000</u>
Increase in net OPEB obligation	228,575
Net OPEB obligation - beginning of year	<u>576,675</u>
Net OPEB obligation - end of year	<u>\$ 805,250</u>

The School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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>
6/30/2014 \$	358,575	36%	805,250
6/30/2013	268,044	56%	576,675
6/30/2012	259,228	56%	457,431

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

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, 2013, the date of most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$	219,100
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	219,100
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	4,496,200
UAAL as a percentage of covered payroll		4.87%

The funded status of the Plan for the School Board as of January 1, 2013, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$	2,437,300
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	2,437,300
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	8,310,300
UAAL as a percentage of covered payroll		29.33%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

E. Actuarial Methods and Assumptions (Continued)

As of January 1, 2013, 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, 2013 was 29 years.

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

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$139,254, \$128,320, and \$73,707, respectively and equaled the required contributions for each year.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

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. The School Board does not accrue a liability for this incentive because the participants are required to work 40 days during the year to obtain their benefit. As of June 30, 2014, the unfunded balance of the early retirement incentive plan totaled \$126,541.

Note 17-Litigation:

At June 30, 2014, 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:

	General Fund	Park Fund	Asset Forfeiture	Law Library	School Construction	Gov. Total
Fund Balance as reported @ 6/30/13	\$ 7,153,078	\$ 3,541	\$ 84,391	\$ 14,173	\$ 1,019,872	\$ 8,275,055
Merge Park Fund	3,541	(3,541)	-	-	-	-
Merge Law Library Fund	14,173	-	-	(14,173)	-	-
Unrecorded AR for Transfer Billing	26,152	-	-	-	-	26,152
Unrecorded VPSA School AR	232,000	-	-	-	-	232,000
School AP included in error in PY	70,708	-	-	-	-	70,708
Capital lease payment included in AP error	2,160	-	-	-	-	2,160
Fund Balance as restated @ 6/30/13	\$ 7,501,812	\$ -	\$ 84,391	\$ -	\$ 1,019,872	\$ 8,606,075

	Governmental	Business type	School Board	EDA	Total
Net Position as reported @ 6/30/13	\$ 19,231,147	\$ 1,706,295	\$ 9,753,665	\$ 4,226,572	\$ 34,917,679
Above restatements to fund balance	331,020	-	-	-	331,020
Unrecorded loader capital lease	(126,883)	-	-	-	(126,883)
Unrecorded loader capital asset	138,009	-	-	-	138,009
Unrecorded AR for RD grants	-	90,704	-	-	90,704
Change in debt related assets	1,439,672	-	(1,439,672)	-	-
Net Position as restated @ 6/30/13	21,012,965	1,796,999	8,313,993	4,226,572	35,350,529

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2014 (Continued)

Note 19-Upcoming Pronouncements:

The Governmental Accounting Standards Board 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 believes the implementation of Statement No. 68 will significantly impact the County's net position; however, no formal study of estimate of the impact of this standard has been performed.

Required Supplementary Information

County of Patrick, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 10,705,671	\$ 10,705,671	\$ 11,378,490	\$ 672,819
Other local taxes	2,141,000	2,141,000	2,228,527	87,527
Permits, privilege fees, and regulatory licenses	65,300	65,300	81,031	15,731
Fines and forfeitures	20,000	20,000	18,892	(1,108)
Revenue from the use of money and property	13,300	13,300	28,118	14,818
Charges for services	468,694	468,694	640,550	171,856
Miscellaneous	22,800	22,800	84,537	61,737
Recovered costs	359,000	359,000	366,351	7,351
Intergovernmental:				
Commonwealth	4,514,972	4,514,972	4,340,587	(174,385)
Federal	860,153	860,153	972,112	111,959
Total revenues	\$ 19,170,890	\$ 19,170,890	\$ 20,139,195	\$ 968,305
EXPENDITURES				
Current:				
General government administration	\$ 1,623,130	\$ 1,663,839	\$ 1,596,476	\$ 67,363
Judicial administration	770,955	801,050	724,378	76,672
Public safety	5,874,942	6,530,679	6,016,498	514,181
Public works	1,436,639	1,498,796	1,391,541	107,255
Health and welfare	1,729,404	1,729,404	1,695,066	34,338
Education	4,853,221	4,853,221	4,660,379	192,842
Parks, recreation, and cultural	496,478	500,093	482,503	17,590
Community development	636,121	674,488	630,345	44,143
Capital projects	55,000	188,726	132,740	55,986
Debt service:				
Principal retirement	1,290,577	1,290,577	1,290,577	-
Interest and other fiscal charges	1,725,331	1,725,331	1,725,331	-
Total expenditures	\$ 20,491,798	\$ 21,456,204	\$ 20,345,834	\$ 1,110,370
Excess (deficiency) of revenues over (under) expenditures	\$ (1,320,908)	\$ (2,285,314)	\$ (206,639)	\$ 2,078,675
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,502,456	\$ 1,502,456	\$ -	\$ (1,502,456)
Transfers out	(181,548)	(181,548)	(224,313)	(42,765)
Sale of capital assets	-	-	50,000	50,000
Total other financing sources (uses)	\$ 1,320,908	\$ 1,320,908	\$ (174,313)	\$ (1,495,221)
Net change in fund balances	\$ -	\$ (964,406)	\$ (380,952)	\$ 583,454
Fund balances - beginning, as restated	-	964,406	7,501,812	6,537,406
Fund balances - ending	\$ -	\$ -	\$ 7,120,860	\$ 7,120,860

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, 2014

	School Construction Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,669	\$ 1,669
Miscellaneous	-	-	25,300	25,300
Total revenues	\$ -	\$ -	\$ 26,969	\$ 26,969
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ 2,435,951	\$ (2,435,951)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (2,408,982)	\$ (2,408,982)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	\$ -	\$ -	\$ 1,389,110	\$ 1,389,110
Net change in fund balances	\$ -	\$ -	\$ (1,019,872)	\$ (1,019,872)
Fund balances - beginning	-	-	1,019,872	1,019,872
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of Patrick, Virginia

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2014

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, 2013	\$ 14,870,535	\$ 19,629,260	\$ 4,758,725	75.76%	\$ 4,589,879	103.68%
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%

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, 2013	\$ -	\$ 219,100	\$ 219,100	0.00%	\$ 4,496,200	4.87%
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, 2013	\$ 5,241,035	\$ 6,701,093	\$ 1,460,058	78.21%	\$ 1,709,128	85.43%
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%

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, 2013	\$ -	\$ 2,437,300	\$ 2,437,300	0.00%	\$ 8,310,300	29.33%
January 1, 2011	-	2,098,300	2,098,300	0.00%	8,588,600	24.43%
January 1, 2009	-	2,165,000	2,165,000	0.00%	8,228,300	26.31%

Other Supplementary Information

County of Patrick, Virginia
 Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2014

	Asset Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 306	\$ 306
Intergovernmental:				
Commonwealth	-	-	2,905	2,905
Federal	-	-	97,503	97,503
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,714</u>	<u>\$ 100,714</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 96,427	\$ (96,427)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,427</u>	<u>\$ (96,427)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,287</u>	<u>\$ 4,287</u>
Net change in fund balances	\$ -	\$ -	\$ 4,287	\$ 4,287
Fund balances - beginning	-	-	84,391	84,391
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,678</u>	<u>\$ 88,678</u>

County of Patrick, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	Agency Funds			
	Special Welfare	Dehart Cemetery	Jail Canteen	Total
ASSETS				
Cash and cash equivalents	\$ 13,598	\$ 6,056	\$ 15,584	\$ 35,238
Total assets	\$ 13,598	\$ 6,056	\$ 15,584	\$ 35,238
LIABILITIES				
Amounts held for Social Services clients	\$ 13,598	\$ -	\$ -	\$ 13,598
Amounts held for DeHart Cemetery	-	6,056	-	6,056
Amounts held for inmates	-	-	15,584	15,584
Total liabilities	\$ 13,598	\$ 6,056	\$ 15,584	\$ 35,238

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2014

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	1,268,814
Cash in custody of others		200
Investments		340,635
Due from other governmental units		508,663
Prepaid items		170,287
Total assets		\$ 2,288,599
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	206,975
Salaries payable		1,268,426
Due to primary government		471,975
Total liabilities		\$ 1,947,376
Fund balances:		
Restricted:		
Cafeteria	\$	341,023
Nonspendable:		
Prepaid items		170,287
Committed:		
Education		200
Unassigned		
Total fund balances		(170,287) \$ 341,223
Total liabilities and fund balances		\$ 2,288,599
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	341,223
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	561,748
Building and improvements		8,780,045
Machinery and equipment		1,961,867
		11,303,660
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences		(397,050)
Net OPEB obligation		(805,250)
		(1,202,300)
Net position of governmental activities		\$ 10,442,583

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, 2014

		<u>School Operating Fund</u>
REVENUES		
Revenue from the use of money and property	\$	4,985
Charges for services		765,674
Miscellaneous		76,178
Recovered costs		466,496
Intergovernmental:		
Local government		7,081,333
Commonwealth		16,506,664
Federal		2,768,628
Total revenues	\$	<u>27,669,958</u>
EXPENDITURES		
Current:		
Education	\$	25,152,401
Capital projects		2,429,926
Total expenditures	\$	<u>27,582,327</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>87,631</u>
Net change in fund balances	\$	87,631
Fund balances - beginning		253,592
Fund balances - ending	\$	<u>341,223</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	\$	87,631
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	\$ 2,314,110	
Reversion to School Board, net	618,908	
Depreciation expense	<u>(681,829)</u>	2,251,189
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.		
Change in compensated absences	\$ 18,345	
Change in Net OPEB obligation	<u>(228,575)</u>	(210,230)
Change in net position of governmental activities	\$	<u>2,128,590</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, 2014

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 15,000	\$ 15,000	\$ 4,985	\$ (10,015)
Charges for services	1,022,315	1,022,315	765,674	(256,641)
Miscellaneous	35,000	35,000	76,178	41,178
Recovered costs	340,594	340,594	466,496	125,902
Intergovernmental:				
Local government	4,838,224	4,838,224	7,081,333	2,243,109
Commonwealth	17,490,232	17,490,232	16,506,664	(983,568)
Federal	2,265,425	2,265,425	2,768,628	503,203
Total revenues	<u>\$ 26,006,790</u>	<u>\$ 26,006,790</u>	<u>\$ 27,669,958</u>	<u>\$ 1,663,168</u>
EXPENDITURES				
Current:				
Education	\$ 26,006,790	\$ 26,006,790	\$ 25,152,401	\$ 854,389
Capital projects	-	-	2,429,926	(2,429,926)
Total expenditures	<u>\$ 26,006,790</u>	<u>\$ 26,006,790</u>	<u>\$ 27,582,327</u>	<u>\$ (1,575,537)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 87,631	\$ 87,631
Net change in fund balances	\$ -	\$ -	\$ 87,631	\$ 87,631
Fund balances - beginning	-	-	253,592	253,592
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,223</u>	<u>\$ 341,223</u>

SUPPORTING SCHEDULES

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,209,966	\$ 8,209,966	\$ 8,340,699	\$ 130,733
Real and personal public service corporation taxes	307,600	307,600	351,955	44,355
Personal property taxes	1,578,773	1,578,773	1,815,299	236,526
Mobile home taxes	77,626	77,626	73,971	(3,655)
Machinery and tools taxes	531,706	531,706	604,303	72,597
Penalties	-	-	111,030	111,030
Interest	-	-	81,233	81,233
Total general property taxes	<u>\$ 10,705,671</u>	<u>\$ 10,705,671</u>	<u>\$ 11,378,490</u>	<u>\$ 672,819</u>
Other local taxes:				
Local sales and use taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,060,906	\$ 60,906
Consumers' utility taxes	410,000	410,000	404,658	(5,342)
Gross receipts tax	10,000	10,000	16,920	6,920
Consumption taxes	55,000	55,000	58,414	3,414
Motor vehicle licenses	440,000	440,000	441,596	1,596
Bank stock taxes	16,000	16,000	20,347	4,347
Taxes on recordation and wills	60,000	60,000	64,074	4,074
Hotel and motel room taxes	150,000	150,000	161,612	11,612
Total other local taxes	<u>\$ 2,141,000</u>	<u>\$ 2,141,000</u>	<u>\$ 2,228,527</u>	<u>\$ 87,527</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 12,100	\$ 12,100	\$ 12,146	\$ 46
Transfer fees	700	700	720	20
Erosion and sediment control permits	1,500	1,500	21,370	19,870
Building permits	51,000	51,000	46,795	(4,205)
Total permits, privilege fees, and regulatory licenses	<u>\$ 65,300</u>	<u>\$ 65,300</u>	<u>\$ 81,031</u>	<u>\$ 15,731</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 20,000	\$ 20,000	\$ 18,892	\$ (1,108)
Revenue from use of money and property:				
Revenue from use of money	\$ 2,300	\$ 2,300	\$ 6,754	\$ 4,454
Revenue from use of property	11,000	11,000	21,364	10,364
Total revenue from use of money and property	<u>\$ 13,300</u>	<u>\$ 13,300</u>	<u>\$ 28,118</u>	<u>\$ 14,818</u>
Charges for services:				
Charges for courthouse maintenance	\$ -	\$ -	\$ 4,927	\$ 4,927
Charges for courthouse security fees	-	-	23,332	23,332
Charges for Commonwealth's Attorney	1,500	1,500	2,855	1,355
Charges for ambulance	19,000	19,000	46,899	27,899
Charges for sanitation and waste removal	\$ 200,000	\$ 200,000	\$ 221,400	\$ 21,400
Charges for parks and recreation	2,500	2,500	25,448	22,948
Charges for jail inmates	235,894	235,894	303,713	\$ 67,819
Treasurer's collection fees	-	-	2,590	2,590
Charges for copies	1,800	1,800	2,542	742
Charges for recycling	8,000	8,000	6,025	(1,975)
Charges for library	-	-	819	819
Total charges for services	<u>\$ 468,694</u>	<u>\$ 468,694</u>	<u>\$ 640,550</u>	<u>\$ 171,856</u>

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 22,800	\$ 22,800	\$ 62,777	\$ 39,977
Donations	-	-	21,760	21,760
Total miscellaneous revenue	<u>\$ 22,800</u>	<u>\$ 22,800</u>	<u>\$ 84,537</u>	<u>\$ 61,737</u>
Recovered costs:				
Payroll reimbursements	\$ 159,000	\$ 159,000	\$ 166,673	\$ 7,673
Law enforcement	24,000	24,000	29,530	5,530
Other recovered costs	176,000	176,000	170,148	(5,852)
Total recovered costs	<u>\$ 359,000</u>	<u>\$ 359,000</u>	<u>\$ 366,351</u>	<u>\$ 7,351</u>
Total revenue from local sources	<u>\$ 13,795,765</u>	<u>\$ 13,795,765</u>	<u>\$ 14,826,496</u>	<u>\$ 1,030,731</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 35,000	\$ 35,000	\$ 23,349	\$ (11,651)
Motor vehicle rental tax	1,500	1,500	1,431	(69)
State recordation tax	40,000	40,000	34,427	(5,573)
Communications tax	500,000	500,000	491,562	(8,438)
Personal property tax relief funds	688,659	688,659	688,659	-
Total noncategorical aid	<u>\$ 1,265,159</u>	<u>\$ 1,265,159</u>	<u>\$ 1,239,428</u>	<u>\$ (25,731)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 232,339	\$ 232,339	\$ 232,594	\$ 255
Sheriff	1,984,228	1,984,228	1,837,505	(146,723)
Commissioner of revenue	92,572	92,572	92,528	(44)
Treasurer	75,766	75,766	75,460	(306)
Registrar/electoral board	34,338	34,338	36,640	2,302
Clerk of the Circuit Court	198,511	198,511	210,625	12,114
Total shared expenses	<u>\$ 2,617,754</u>	<u>\$ 2,617,754</u>	<u>\$ 2,485,352</u>	<u>\$ (132,402)</u>
Other categorical aid:				
State welfare funds	\$ 359,499	\$ 359,499	\$ 373,928	\$ 14,429
Comprehensive Services Act	72,671	72,671	49,953	(22,718)
Litter control grant	9,000	9,000	8,806	(194)
Fire programs	49,000	49,000	52,302	3,302
Commission for the arts	5,000	5,000	5,000	-
E-911 Wireless Funds	40,000	40,000	46,009	6,009
Law enforcement grants	-	-	2,203	2,203
Emergency service grant	70,000	70,000	41,338	(28,662)
Victim witness grant	26,889	26,889	33,480	6,591
Tourism grants	-	-	2,788	2,788
Total other categorical aid	<u>\$ 632,059</u>	<u>\$ 632,059</u>	<u>\$ 615,807</u>	<u>\$ (16,252)</u>
Total categorical aid	<u>\$ 3,249,813</u>	<u>\$ 3,249,813</u>	<u>\$ 3,101,159</u>	<u>\$ (148,654)</u>
Total revenue from the Commonwealth	<u>\$ 4,514,972</u>	<u>\$ 4,514,972</u>	<u>\$ 4,340,587</u>	<u>\$ (174,385)</u>

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 19,000	\$ 19,000	\$ 20,709	\$ 1,709
Categorical aid:				
USDA sheriff vehicle grant	\$ -	\$ -	\$ 25,000	\$ 25,000
Byrne grant	-	-	31,500	31,500
Federal interest subsidy	99,262	99,262	92,115	(7,147)
Highway safety	12,000	12,000	21,544	9,544
Federal welfare funds	729,891	729,891	762,056	32,165
State homeland security grant	-	-	7,393	7,393
Water quality improvement grant	-	-	11,795	11,795
Total categorical aid	<u>\$ 841,153</u>	<u>\$ 841,153</u>	<u>\$ 951,403</u>	<u>\$ 110,250</u>
Total revenue from the federal government	<u>\$ 860,153</u>	<u>\$ 860,153</u>	<u>\$ 972,112</u>	<u>\$ 111,959</u>
Total General Fund	<u>\$ 19,170,890</u>	<u>\$ 19,170,890</u>	<u>\$ 20,139,195</u>	<u>\$ 968,305</u>
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 306	\$ 306
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets	\$ -	\$ -	\$ 2,905	\$ 2,905
Revenue from the federal government:				
Categorical aid:				
Seized Assets	\$ -	\$ -	\$ 97,503	\$ 97,503
Total Asset Forfeiture fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,714</u>	<u>\$ 100,714</u>
Capital Projects Funds:				
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,669	\$ 1,669
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 25,300	\$ 25,300
Total School Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,969</u>	<u>\$ 26,969</u>
Total Primary Government	<u>\$ 19,170,890</u>	<u>\$ 19,170,890</u>	<u>\$ 20,266,878</u>	<u>\$ 1,095,988</u>

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 233	\$ 233
Revenue from the use of property	15,000	15,000	4,752	(10,248)
Total revenue from use of money and property	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 4,985</u>	<u>\$ (10,015)</u>
Charges for services:				
Tuition from other localities	\$ 210,000	\$ 210,000	\$ 243,329	\$ 33,329
Transportation of pupils	84,756	84,756	17,309	(67,447)
Cafeteria sales	727,559	727,559	505,036	(222,523)
Total charges for services	<u>\$ 1,022,315</u>	<u>\$ 1,022,315</u>	<u>\$ 765,674</u>	<u>\$ (256,641)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 35,000	\$ 35,000	\$ 76,178	\$ 41,178
Recovered costs:				
Other recovered costs	\$ 340,594	\$ 340,594	\$ 466,496	\$ 125,902
Total revenue from local sources	<u>\$ 1,412,909</u>	<u>\$ 1,412,909</u>	<u>\$ 1,313,333</u>	<u>\$ (99,576)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Patrick, Virginia	\$ 4,838,224	\$ 4,838,224	\$ 4,645,382	\$ (192,842)
Contribution from County of Patrick's School Construction Fund	-	-	2,435,951	2,435,951
Total revenues from local governments	<u>\$ 4,838,224</u>	<u>\$ 4,838,224</u>	<u>\$ 7,081,333</u>	<u>\$ 2,243,109</u>
Revenues from the Commonwealth:				
Categorical aid:				
At risk payments	\$ 406,060	\$ 406,060	\$ 391,856	\$ (14,204)
At risk four year olds	222,581	222,581	175,496	(47,085)
Basic school aid	9,064,684	9,064,684	8,736,605	(328,079)
Early reading intervention	60,137	60,137	80,183	20,046
English as a second language	64,230	64,230	52,745	(11,485)
Fringe benefits-Life-insurance	35,955	35,955	34,699	(1,256)
Fringe benefits-Retirement	932,842	932,842	900,249	(32,593)
Fringe benefits-Social security	559,306	559,306	539,764	(19,542)
GED Prep	7,859	7,859	7,859	-
Gifted and talented	91,886	91,886	88,675	(3,211)
Homebound education	11,053	11,053	17,095	6,042
Mentor teacher program	1,717	1,717	3,408	1,691
Occupational vocational education tech	37,203	37,203	24,138	(13,065)
Primary class size	337,357	337,357	352,699	15,342
Remedial education	309,616	309,616	298,798	(10,818)
Remedial summer education	28,007	28,007	25,983	(2,024)
School food	15,942	15,942	19,957	4,015
Share of state sales tax	2,503,287	2,503,287	2,420,856	(82,431)
Special education	1,192,519	1,192,519	1,150,854	(41,665)
Special education - foster children	6,575	6,575	10,650	4,075
Standards of Learning algebra readiness	43,378	43,378	41,045	(2,333)
Supplemental support for schools	346,394	346,394	338,669	(7,725)

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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)				
Intergovernmental: (Continued)				
Revenues from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Textbook payment	\$ 179,237	\$ 179,237	\$ 172,975	\$ (6,262)
Vocational adult education	624	624	350	(274)
Vocational education - equipment	-	-	6,309	6,309
Vocational standards of quality payments	289,640	289,640	279,521	(10,119)
Other state funds	510,143	510,143	10,558	(499,585)
VPSA school security grant	-	-	92,668	92,668
VPSA technology grant	232,000	232,000	232,000	-
Total categorical aid	<u>\$ 17,490,232</u>	<u>\$ 17,490,232</u>	<u>\$ 16,506,664</u>	<u>\$ (983,568)</u>
Revenue from the federal government:				
Categorical aid:				
Drug free schools	\$ 16,331	\$ 16,331	-	\$ (16,331)
AP test fees	-	-	180	180
Adult education	64,038	64,038	49,235	(14,803)
Rural school program	60,864	60,864	14,179	(46,685)
School breakfast program	196,028	196,028	196,028	-
JROTC	72,000	72,000	59,908	(12,092)
School lunch program	335,950	335,950	757,251	421,301
Title I	741,026	741,026	631,669	(109,357)
Title II, part A	144,043	144,043	116,711	(27,332)
Title III - Limited English proficient	5,381	5,381	3,509	(1,872)
Title VI-B, special education flow-through	560,024	560,024	669,168	109,144
Title VI-B, special education pre-school	12,578	12,578	12,942	364
Workforce Investment Act	-	-	207,804	207,804
Vocational education	57,162	57,162	50,044	(7,118)
Total categorical aid	<u>\$ 2,265,425</u>	<u>\$ 2,265,425</u>	<u>\$ 2,768,628</u>	<u>\$ 503,203</u>
Total revenue from the federal government	<u>\$ 2,265,425</u>	<u>\$ 2,265,425</u>	<u>\$ 2,768,628</u>	<u>\$ 503,203</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 26,006,790</u>	<u>\$ 26,006,790</u>	<u>\$ 27,669,958</u>	<u>\$ 1,663,168</u>

County of Patrick, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 132,993	\$ 137,523	\$ 117,769	\$ 19,754
General and financial administration:				
County administrator	\$ 207,554	\$ 244,541	\$ 233,380	\$ 11,161
Finance	131,804	128,454	120,838	7,616
Audit services	60,520	60,520	59,892	628
Legal services	37,600	37,600	37,358	242
Commissioner of revenue	285,272	285,273	268,894	16,379
DMV agent office	59,032	59,514	56,758	2,756
Treasurer	308,592	310,307	289,618	20,689
Reassessment	215,695	215,837	263,128	(47,291)
Tax mapping	65,498	65,498	56,158	9,340
Total general and financial administration	\$ 1,371,567	\$ 1,407,544	\$ 1,386,024	\$ 21,520
Board of elections:				
Electoral board and officials	\$ 42,225	\$ 42,020	\$ 22,707	\$ 19,313
Registrar	76,345	76,752	69,976	6,776
Total board of elections	\$ 118,570	\$ 118,772	\$ 92,683	\$ 26,089
Total general government administration	\$ 1,623,130	\$ 1,663,839	\$ 1,596,476	\$ 67,363
Judicial administration:				
Courts:				
Circuit court	\$ 50,791	\$ 60,860	\$ 57,767	\$ 3,093
General district court	36,455	33,955	7,639	26,316
Special magistrates	2,819	2,969	1,411	1,558
Juvenile and domestic relations court	7,946	7,947	7,665	282
Juvenile and domestic relations court services	13,020	13,020	4,311	8,709
Victim witness program	26,889	26,932	26,932	-
Clerk of the circuit court	312,001	326,422	295,751	30,671
Total courts	\$ 449,921	\$ 472,105	\$ 401,476	\$ 70,629
Commonwealth's attorney:				
Commonwealth's attorney	\$ 321,034	\$ 328,945	\$ 322,902	\$ 6,043
Total judicial administration	\$ 770,955	\$ 801,050	\$ 724,378	\$ 76,672
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,003,183	\$ 2,148,006	\$ 2,091,805	\$ 56,201
Sheriff-school resource officer	452,724	450,325	400,910	49,415
Sheriff-courtroom security	74,156	74,156	36,595	37,561
Total law enforcement and traffic control	\$ 2,530,063	\$ 2,672,487	\$ 2,529,310	\$ 143,177

County of Patrick, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire departments	\$ 403,848	\$ 436,652	\$ 428,504	\$ 8,148
Volunteer emergency operations	257,416	305,485	209,543	95,942
E-911 department	442,629	522,324	449,675	72,649
Total fire and rescue services	<u>\$ 1,103,893</u>	<u>\$ 1,264,461</u>	<u>\$ 1,087,722</u>	<u>\$ 176,739</u>
Correction and detention:				
Sheriff-correction and detention	\$ 1,647,364	\$ 1,836,507	\$ 1,753,200	\$ 83,307
Institutional care	13,882	13,882	13,882	-
Total correction and detention	<u>\$ 1,661,246</u>	<u>\$ 1,850,389</u>	<u>\$ 1,767,082</u>	<u>\$ 83,307</u>
Inspections:				
Building	\$ 145,959	\$ 146,778	\$ 136,303	\$ 10,475
Other protection:				
Animal control	\$ 138,655	\$ 152,569	\$ 143,105	\$ 9,464
Erosion and soil	17,380	40,511	36,316	4,195
Emergency services	277,546	403,024	316,220	86,804
Medical examiner	200	460	440	20
Total other protection	<u>\$ 433,781</u>	<u>\$ 596,564</u>	<u>\$ 496,081</u>	<u>\$ 100,483</u>
Total public safety	<u>\$ 5,874,942</u>	<u>\$ 6,530,679</u>	<u>\$ 6,016,498</u>	<u>\$ 514,181</u>
Public works:				
Sanitation and waste removal:				
Public service authority	\$ 11,270	\$ 11,270	\$ 119	\$ 11,151
Refuse collection and disposal	656,217	661,233	647,443	13,790
Total sanitation and waste removal	<u>\$ 667,487</u>	<u>\$ 672,503</u>	<u>\$ 647,562</u>	<u>\$ 24,941</u>
Maintenance of general buildings and grounds:				
General properties	\$ 769,152	\$ 826,293	\$ 743,979	\$ 82,314
Total public works	<u>\$ 1,436,639</u>	<u>\$ 1,498,796</u>	<u>\$ 1,391,541</u>	<u>\$ 107,255</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 157,572	\$ 157,572	\$ 157,572	-
Total health	<u>157,572</u>	<u>157,572</u>	<u>157,572</u>	<u>-</u>
Mental health and mental retardation:				
Mental health	\$ 74,000	\$ 74,000	\$ 44,964	\$ 29,036
Contribution to local community services board	42,213	42,213	42,213	-
Total mental health and mental retardation	<u>\$ 116,213</u>	<u>\$ 116,213</u>	<u>\$ 87,177</u>	<u>\$ 29,036</u>

County of Patrick, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Chapter X Board				
Transportation for the elderly	\$ 2,252	\$ 2,252	\$ 2,252	\$ -
Public assistance	1,346,258	1,346,258	1,376,014	(29,756)
Comprehensive services	107,109	107,109	72,051	35,058
Total welfare	<u>\$ 1,455,619</u>	<u>\$ 1,455,619</u>	<u>\$ 1,450,317</u>	<u>\$ 5,302</u>
Total health and welfare	<u>\$ 1,729,404</u>	<u>\$ 1,729,404</u>	<u>\$ 1,695,066</u>	<u>\$ 34,338</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 14,997	\$ 14,997	\$ 14,997	\$ -
Contribution to County School Board	4,838,224	4,838,224	4,645,382	192,842
Total education	<u>\$ 4,853,221</u>	<u>\$ 4,853,221</u>	<u>\$ 4,660,379</u>	<u>\$ 192,842</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 226,644	\$ 230,259	\$ 213,365	\$ 16,894
Library:				
Contribution to regional library	\$ 269,834	\$ 269,834	\$ 269,138	\$ 696
Total parks, recreation, and cultural	<u>\$ 496,478</u>	<u>\$ 500,093</u>	<u>\$ 482,503</u>	<u>\$ 17,590</u>
Community development:				
Planning and community development:				
Community development	\$ 211,274	\$ 209,381	\$ 203,054	\$ 6,327
Tourism	150,000	150,031	126,041	\$ 23,990
Economic development	80,046	110,342	102,937	7,405
Total planning and community development	<u>\$ 441,320</u>	<u>\$ 469,754</u>	<u>\$ 432,032</u>	<u>\$ 37,722</u>
Environmental management:				
Soil and water district	\$ 102,528	\$ 110,941	\$ 109,634	\$ 1,307
Cooperative extension program:				
Extension office	\$ 92,273	\$ 93,793	\$ 88,679	\$ 5,114
Total community development	<u>\$ 636,121</u>	<u>\$ 674,488</u>	<u>\$ 630,345</u>	<u>\$ 44,143</u>
Capital projects:				
Other capital projects	\$ 55,000	\$ 188,726	\$ 132,740	\$ 55,986
Debt service:				
Principal retirement	\$ 1,290,577	\$ 1,290,577	\$ 1,290,577	\$ -
Interest and other fiscal charges	1,725,331	1,725,331	1,725,331	-
Total debt service	<u>\$ 3,015,908</u>	<u>\$ 3,015,908</u>	<u>\$ 3,015,908</u>	<u>\$ -</u>
Total General Fund	<u>\$ 20,491,798</u>	<u>\$ 21,456,204</u>	<u>\$ 20,345,834</u>	<u>\$ 1,110,370</u>

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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>
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Public safety:				
Sheriff				
Sheriff	\$ -	\$ -	\$ 96,427	\$ (96,427)
Total Asset Forfeiture fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,427</u>	<u>\$ (96,427)</u>
Capital Projects Funds:				
School Construction Fund:				
Education:				
Capital Projects:				
Capital projects expenditures:				
Contributions to county schools	\$ -	\$ -	\$ 2,435,951	\$ (2,435,951)
Total School Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,435,951</u>	<u>\$ (2,435,951)</u>
Total Primary Government	<u>\$ 20,491,798</u>	<u>\$ 21,456,204</u>	<u>\$ 22,878,212</u>	<u>\$ (1,422,008)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,327,587	\$ 1,327,587	\$ 1,314,604	\$ 12,983
Instruction costs:				
Instructional costs	\$ 17,556,358	\$ 17,556,358	\$ 16,846,890	\$ 709,468
Technology	1,401,196	1,401,196	1,135,818	265,378
Total instruction costs	<u>\$ 18,957,554</u>	<u>\$ 18,957,554</u>	<u>\$ 17,982,708</u>	<u>\$ 974,846</u>
Operating costs:				
Pupil transportation	\$ 2,123,207	\$ 2,123,207	\$ 1,942,842	\$ 180,365
Operation and maintenance of school plant	1,990,634	1,990,634	2,207,034	(216,400)
Food service and non-instructional	1,459,732	1,459,732	1,462,159	(2,427)
Facilities	148,076	148,076	243,054	(94,978)
Total operating costs	<u>\$ 5,721,649</u>	<u>\$ 5,721,649</u>	<u>\$ 5,855,089</u>	<u>\$ (133,440)</u>
Total education	<u>\$ 26,006,790</u>	<u>\$ 26,006,790</u>	<u>\$ 25,152,401</u>	<u>\$ 854,389</u>
Capital projects:				
School capital projects	\$ -	\$ -	\$ 2,429,926	\$ (2,429,926)
Total Discretely Presented Component Unit - School Board	<u>\$ 26,006,790</u>	<u>\$ 26,006,790</u>	<u>\$ 27,582,327</u>	<u>\$ (1,575,537)</u>

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	Public Service Authority	Total
2013-14	\$ 1,579,706	\$ 727,953	\$ 6,386,449	\$ 1,453,885	\$ 1,720,817	\$ 8,748,911	\$ 469,479	\$ 573,776	\$ 1,701,434	\$ 801,491	\$ 24,163,901
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	284,378	22,994,524
2011-12	1,080,635	687,006	2,857,489	1,218,942	1,734,701	4,821,016	171,656	870,585	1,778,415	215,737	15,436,182
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	52,409	18,186,867
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
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
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
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
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
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

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

Fiscal Year	PROGRAM REVENUES					GENERAL REVENUES					Total
	Charges for Services (3)	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous (2)	Grants and Contributions Not Restricted to Specific Programs (1)			
2013-14	\$ 830,612	\$ 4,127,970	\$ 117,953	\$ 11,252,512	\$ 2,228,527	\$ 30,930	\$ 1,548,947	\$ 1,260,137	\$ 21,397,588		
2012-13	400,289	4,768,248	1,168,785	11,277,130	2,205,676	37,613	185,323	1,321,311	21,364,375		
2011-12	380,937	4,205,478	-	11,311,703	2,120,029	13,462	1,717,362	1,245,402	20,994,373		
2010-11	424,797	5,276,962	-	11,210,900	2,092,000	57,049	211,782	1,304,116	20,577,606		
2009-10	378,658	4,179,204	-	15,096,410	2,011,042	138,469	210,229	1,292,305	23,306,317		
2008-09	382,472	4,455,190	-	8,415,767	2,447,820	469,510	257,645	830,592	17,258,996		
2007-08	447,665	4,242,428	-	7,836,345	2,567,256	214,606	218,250	822,611	16,349,161		
2006-07	463,980	4,147,987	-	7,441,662	2,547,851	289,950	491,421	842,449	16,225,300		
2005-06	393,321	3,756,557	414,220	6,786,638	2,333,206	186,450	322,108	811,469	15,003,969		
2004-05	369,109	3,733,292	331,257	6,641,227	2,239,910	107,924	161,949	779,040	14,363,708		

(1) In fiscal year 2010, communication taxes were reclassified from other local taxes to grants and contributions not restricted to specific programs.

(2) Miscellaneous includes a gain on disposal of asset of \$1,481,304 and \$1,439,110 in fiscal year 2012 and 2014, respectively.

(3) In fiscal year 2014, charges for inmates was reclassified from recovered costs to charges for services.

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	Total
2013-14	\$ 1,596,476	\$ 724,378	\$ 6,112,925	\$ 1,391,541	\$ 1,695,066	\$ 25,167,398	\$ 482,503	\$ 630,345	\$ -	\$ 3,015,908	\$ 40,816,540
2012-13	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
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
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
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
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
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
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
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
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

(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.

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

Fiscal Year	General Property Taxes (3)	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
2013-14	\$ 11,378,490	\$ 2,228,527	\$ 81,031	\$ 18,892	\$ 33,409	\$ 1,406,224	\$ 160,715	\$ 832,847	\$ 24,688,399	\$ 40,828,534
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
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
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
2009-10	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
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
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
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
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
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

(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	
2013-14	\$ 11,213,531	\$ 10,885,053	97.07%	\$ 301,174	\$ 11,186,227	99.76%	\$ 1,034,713	9.23%
2012-13	11,034,952	10,805,696	97.92%	304,939	11,110,635	100.69%	1,166,071	10.57%
2011-12	11,028,994	10,753,469	97.50%	267,374	11,020,843	99.93%	1,183,290	10.73%
2010-11	10,729,935	10,274,440	95.75%	186,770	10,461,210	97.50%	811,357	7.56%
2009-10 (3)	14,853,858	14,781,753	99.51%	252,948	15,034,701	101.22%	857,981	5.78%
2008-09	8,982,398	8,680,030	96.63%	226,047	8,906,077	99.15%	442,164	4.92%
2007-08	8,458,012	8,268,406	97.76%	111,581	8,379,987	99.08%	450,970	5.33%
2006-07	8,044,859	7,946,376	98.78%	104,898	8,051,274	100.08%	331,814	4.12%
2005-06	7,417,423	7,210,535	97.21%	188,151	7,398,686	99.75%	310,305	4.18%
2004-05	7,223,055	7,008,651	97.03%	213,557	7,222,208	99.99%	429,200	5.94%

(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)	<u>Public Utility (2)</u> Real Estate and Personal Property	Total
2013-14	\$ 1,747,596,250	\$ 164,524,594	\$ 35,330,203	\$ 73,199,458	\$ 2,020,650,505
2012-13	1,739,594,600	163,831,979	34,548,797	52,520,654	1,990,496,030
2011-12	1,732,478,250	161,666,824	33,603,847	67,438,239	1,995,187,160
2010-11	1,724,443,955	161,488,870	36,202,239	64,197,225	1,986,332,289
2009-10(4)	2,558,862,025	152,193,677	39,433,886	65,732,477	2,816,222,065
2008-09	997,044,265	164,010,669	39,389,750	41,780,249	1,242,224,933
2007-08	975,752,332	157,084,700	36,477,566	41,899,151	1,211,213,749
2006-07	955,586,500	152,468,400	34,893,928	48,468,115	1,191,416,943
2005-06	931,347,500	149,112,253	36,646,614	50,005,093	1,167,111,460
2004-05	913,335,888	139,623,061	38,362,945	51,732,483	1,143,054,377

(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) 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
2013-14	\$ 0.48	\$ 1.71	\$ 1.71	\$ 0.48
2012-13	0.48	1.71	1.71	0.48
2011-12	0.48	1.71	1.71	0.48
2010-11	0.48	1.71	1.71	0.48
2009-10 (2)	0.48	1.71	1.71	0.48
2008-09	0.55	1.71	1.71	0.55
2007-08	0.53	1.71	1.71	0.53
2006-07	0.50	1.71	1.71	0.50
2005-06	0.50	1.46	1.36	0.50
2004-05	0.50	1.46	1.36	0.50

(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
2013-14	18,490	\$ 1,143,054	\$ 33,881,679	\$ 33,881,679	2.96%	\$ 1,832
2012-13	18,490	1,990,496	33,722,870	33,722,870	1.69%	1,824
2011-12	18,490	1,191,417	34,782,901	34,782,901	2.92%	1,881
2010-11	18,490	1,211,214	35,812,106	35,812,106	2.96%	1,937
2009-10	19,407	2,816,223	36,706,993	36,706,993	1.30%	1,891
2008-09	19,407	1,242,225	31,307,832	31,307,832	2.52%	1,613
2007-08	19,407	1,211,214	6,756,122	6,756,122	0.56%	348
2006-07	19,407	1,191,417	7,124,029	7,124,029	0.60%	367
2005-06	19,407	1,167,111	7,486,891	7,486,891	0.64%	386
2004-05	19,407	1,143,054	6,842,943	6,842,943	0.60%	353

(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
2013-14	\$ 1,290,577	\$ 1,725,331	\$ 3,015,908	\$ 33,264,396	9.07%
2012-13	1,228,615	1,769,834	2,998,449	40,607,897	7.38%
2011-12	1,185,427	1,717,748	2,903,175	35,608,250	8.15%
2010-11	894,887	1,694,558	2,589,445	38,267,157	6.77%
2009-10	895,839	1,530,898	2,426,737	39,927,696	6.08%
2008-09 (4)	2,096,638	1,102,973	3,199,611	41,187,129	7.77%
2007-08	389,871	305,230	695,101	36,937,574	1.88%
2006-07	382,157	320,752	702,909	35,608,250	1.97%
2005-06 (3)	2,662,710	285,671	2,948,381	35,656,529	8.27%
2004-05 (2)	2,453,126	285,678	2,738,804	33,264,396	8.23%

(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

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Honorable 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, 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, 2014, and the related notes to the financial statements, which collectively comprise County of Patrick, Virginia's basic financial statements and have issued our report thereon dated December 29, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness [2014-001].

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 costs. 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, Jaeger, Co. Associates

Blacksburg, Virginia
December 29, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited 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 County of Patrick, Virginia's major federal programs for the year ended June 30, 2014. 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 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 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 County of Patrick, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2014.

Report on Internal Control over Compliance

Management of County of Patrick, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

Report on Internal Control over Compliance (continued)

In planning and performing our audit of compliance, we considered 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 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, Co. Associates

Blacksburg, Virginia
December 29, 2014

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	0760113, 0760114	\$ 28,427
Promoting Safe and Stable Families	93.556	0950113	6,753
Temporary Assistance for Needy Families	93.558	0400113, 0400114	188,835
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113, 0500114	1,019
Low-Income Home Energy Assistance	93.568	0600413, 0600414	18,823
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113, 0900114	1,262
Foster Care - Title IV-E	93.658	1100113, 1100114	62,670
Adoption Assistance	93.659	1120113, 1120114	8,557
Social Services Block Grant	93.667	1000113, 1000114	131,657
Chafee Foster Care Independence Program	93.674	9150113, 9150114	1,197
Children's Health Insurance Program	93.767	0540113, 0540114	5,024
Medical Assistance Program	93.778	1200113, 1200114	145,033
Total Department of Health and Human Services			<u>\$ 599,257</u>
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grant	10.766	N/A	\$ 25,000
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	<u>92,953</u>
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School breakfast program	10.553	40591	\$ 196,028
National school lunch program	10.555	40623	\$ 668,008
Department of Agriculture:			
Food Distribution (Note 3)	10.555	Not available	<u>89,243</u> 757,251
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113, 0010114, 0040114	162,799
Total Department of Agriculture			<u>\$ 1,234,031</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
State Homeland Security Program	97.073	52743	<u>\$ 7,393</u>
Department of Defense:			
Direct Payments:			
ROTC Language and Culture Training Grants	12.357	N/A	<u>\$ 59,908</u>
Department of Justice:			
Pass Through Payments:			
Virginia Compensation Board:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	81000	<u>\$ 31,500</u>
Environmental Protection Agency:			
Pass Through Payments:			
Virginia Department of Conservation and Recreation:			
Chesapeake Bay Program	66.466	SWM2012P49	<u>\$ 11,795</u>
Department of Treasury:			
Direct Payments:			
Equitable Sharing Program	21.000	N/A	<u>\$ 97,503</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	53410, 54379	\$ 7,352
Alcohol Impaired Driving Counter Measures Incentive Grants	20.601	54429, 53360	14,192
Total Department of Transportation			<u>\$ 21,544</u>

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Franklin County, Virginia School Board:			
Adult Education - Basic Grants to States	84.002	42801	\$ 49,235
Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	\$ 669,168
Special Education - Preschool Grants	84.173	62521	12,942
Title I: Grants to Local Educational Agencies	84.010	42901	631,669
Career and Technical Education: Basic Grants to States	84.048	61095	50,044
English Language Acquisition State Grants	84.365	60509	3,509
Advanced Placement Grant	84.330	60957	180
Rural Education	84.358	43481	14,179
Improving Teacher Quality-State Grants	84.367	61480	116,711
			<u>\$ 1,547,637</u>
Total Department of Education			
			<u>\$ 1,547,637</u>
Department of Labor:			
Pass Through Payments:			
County of Pittsylvania, Virginia:			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258	53427	\$ 58,072
WIA Youth Activities	17.259	53427	100,819
WIA Dislocated Worker Formula Grants	17.278	53427	48,913
			<u>\$ 207,804</u>
Total Department of Labor			
			<u>\$ 207,804</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,818,372</u></u>

Notes to Schedule of Expenditures of Federal Awards

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, 2014. 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, 2014, 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	\$ 972,112
Asset Forfeiture Fund	97,503
Less: Payment in lieu of taxes	(20,709)
Less: Interest subsidy	(92,115)
Public Service Authority	92,953
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Total primary government:	\$ 1,049,744
Component Unit School Board:	
School Operating Fund	\$ 2,768,628
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Total component unit school board	\$ 2,768,628
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Total federal expenditures per basic financial statements	<u><u>\$ 3,818,372</u></u>

COUNTY OF PATRICK, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of 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>
10.553/10.555	Child Nutrition Cluster
84.010	Title I, Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster

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
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

2014-001

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 financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause of Condition:	The County hired a new consultant to assist the County staff with preparation for the annual audit. The new consultant was not familiar with the County and School Board's financial processes.
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 hired consultant should become familiar with the processes of the County and School Board finances and produce timely and accurate information for audit.
Management's Response:	The County will work with the hired consultant to prepare complete and timely financial information for audits in the future.

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

Finding 2013-1 recurred this year as 2014-001.