

**COUNTY OF PATRICK, VIRGINIA**

**FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2010**

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**COUNTY OF PATRICK, VIRGINIA**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2010**

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**FINANCIAL SECTION**

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**INTRODUCTORY SECTION**

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# COUNTY OF PATRICK, VIRGINIA

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## BOARD OF SUPERVISORS

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Ron Knight, Vice-chair  
Karl Weiss

Crystal P. Harris, Chair

Jonathan Large  
Lock Boyce

## COUNTY SCHOOL BOARD

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Bobby W. Mangrum, Vice-chair  
Annie H. Hylton

Robert A. Rorrer, Chair

Billy R. Aldridge  
Ronnie N. Terry

## SOCIAL SERVICES BOARD

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Carol Clement, Chair  
Lock Boyce  
Angie Cassell

Alan Ullring  
James Houchins  
Ann McConnell

## OTHER OFFICIALS

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

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**FINANCIAL SECTION**

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Patrick, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Patrick, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the County of Patrick, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has elected to omit Management's Discussion and Analysis which is not a required part of the basic financial statements, but is supplementary information required by generally accepted accounting principles.

The budgetary comparison information and the Schedule of OPEB and Pension Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States

of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Patrick, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Patrick, Virginia. The budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Rohinson, Farmer, Cox Associates*

Christiansburg, Virginia  
December 10, 2010

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**BASIC FINANCIAL STATEMENTS**

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**County of Patrick, Virginia**  
**Statement of Net Assets**  
**June 30, 2010**

	<u>Primary Government</u>	<u>Component</u>		<u>Component</u>
	<u>Governmental</u>	<u>Unit</u>	<u>Unit</u>	
	<u>Activities</u>	<u>School Board</u>	<u>EDA</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,812,567	\$ 1,162,655	\$	54,843
Cash in custody of others	596	200	-	-
Investments	13,775,729	626,711	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,277,782	-	-	-
Other local taxes	235,268	-	-	-
Accounts receivable	84,520	-	30,000	-
Due from component unit	723,928	-	-	-
Due from other governmental units	470,450	1,091,276	-	-
Prepaid expenses	34,389	220,411	4,897	4,897
Other assets:				
Unamortized bond issue costs	1,079,100	-	-	-
Capital assets (net of accumulated depreciation):				
Land	1,132,064	528,762	2,676,127	2,676,127
Buildings	10,144,025	6,128,552	1,793,761	1,793,761
Machinery and equipment	648,126	2,871,458	-	-
Construction in progress	24,336,617	787,944	-	-
Total assets	<u>\$ 63,755,161</u>	<u>\$ 13,417,969</u>	<u>\$ 4,559,628</u>	
<b>LIABILITIES</b>				
Accounts payable	\$ 2,327,662	\$ 367,549	\$	20
Accrued liabilities	21,764	-	-	-
Estimate of incurred but not reported health claims	121,805	-	-	-
Contracts payable	-	985,431	-	-
Accrued interest payable	466,984	-	-	-
Due to primary government	-	723,928	-	-
Deferred revenue	4,124,373	-	-	-
Long-term liabilities:				
Due within one year	583,370	-	404,578	404,578
Due in more than one year	40,315,021	624,760	-	-
Total liabilities	<u>\$ 47,960,979</u>	<u>\$ 2,701,668</u>	<u>\$ 404,598</u>	
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 8,564,166	\$ 10,316,716	\$	4,065,310
Restricted for:				
Asset Forfeiture	22,137	-	-	-
Unrestricted (deficit)	7,207,879	399,585	89,721	89,721
Total net assets	<u>\$ 15,794,182</u>	<u>\$ 10,716,301</u>	<u>\$ 4,155,031</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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Unit		
	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Governmental Activities	School Board	Component Unit
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government administration	\$ 1,077,862	\$ 118	\$ 254,891	\$ (822,853)	\$ -	\$ -
Judicial administration	685,860	49,189	428,428	(208,243)		
Public safety	4,511,176	115,258	2,019,741	(2,376,177)		
Public works	1,201,585	208,643	7,296	(965,646)		
Health and welfare	2,139,605	-	1,468,848	(670,757)		
Education	4,305,245	-	-	(4,305,245)		
Parks, recreation, and cultural	469,560	5,450	-	(464,110)		
Community development	629,129	-	-	(629,129)		
Interest on long-term debt	1,655,271	-	-	(1,655,271)		
Total primary government	<u>\$ 16,675,293</u>	<u>\$ 378,658</u>	<u>\$ 4,179,204</u>	<u>\$ (12,117,431)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>COMPONENT UNIT:</b>						
School Board	\$ 26,002,120	\$ 551,318	\$ 19,749,937	\$ -	\$ -	\$ -
EDA	178,929	157,500	267,219	-	-	-
Total component unit	<u>\$ 26,181,049</u>	<u>\$ 708,818</u>	<u>\$ 20,017,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:						
General property taxes				\$ 15,006,410	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				941,988		
Consumers' utility taxes				406,915		
Gross receipts				12,369		
Consumption taxes				61,509		
Motor vehicle licenses				451,422		
Bank stock taxes				13,088		
Taxes on recordation and wills				62,922		
Hotel and motel room taxes				60,829		
Unrestricted revenues from use of money and property				138,469	11,147	409
Miscellaneous				210,229	1,006,981	1,383
Contribution from Patrick County				-	4,478,270	388,532
Grants and contributions not restricted to specific programs						
Total general revenues				\$ 18,748,455	\$ 5,496,398	\$ 390,324
Change in net assets				\$ 6,631,024	\$ (204,467)	\$ 636,114
Net assets - beginning, as restated				9,163,158	10,920,768	3,518,917
Net assets - ending						

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

**County of Patrick, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	<u>General</u>	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	3,330,485	\$ 3,245,896	\$ 32,128	\$ 6,608,509
Cash in custody of others	596	-	-	596
Investments	2,040,598	\$ 10,755,091	14,197	\$ 12,809,886
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,277,782	-	-	4,277,782
Other local taxes	235,268	-	-	235,268
Accounts receivable	84,411	-	109	84,520
Due from component unit	723,928	-	-	723,928
Due from other governmental units	470,450	-	-	470,450
Total assets	<u>\$ 11,163,518</u>	<u>\$ 14,000,987</u>	<u>\$ 46,434</u>	<u>\$ 25,210,939</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	275,190	\$ 2,052,472	\$ -	\$ 2,327,662
Accrued liabilities	21,764	-	-	21,764
Deferred revenue	4,658,496	-	-	4,658,496
Total liabilities	<u>\$ 4,955,450</u>	<u>\$ 2,052,472</u>	<u>\$ -</u>	<u>\$ 7,007,922</u>
Fund balances:				
Reserved for:				
Asset Forfeiture	\$ -	\$ -	\$ 22,137	\$ 22,137
Capital projects	-	11,948,515	-	11,948,515
Unreserved, reported in:				
General fund	6,208,068	-	-	6,208,068
Law library	-	-	10,968	10,968
Fred Clifton Park	-	-	8,522	8,522
Capital projects funds	-	-	4,807	4,807
Total fund balances	<u>\$ 6,208,068</u>	<u>\$ 11,948,515</u>	<u>\$ 46,434</u>	<u>\$ 18,203,017</u>
Total liabilities and fund balances	<u>\$ 11,163,518</u>	<u>\$ 14,000,987</u>	<u>\$ 46,434</u>	<u>\$ 25,210,939</u>

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

County of Patrick, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 18,203,017
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	36,260,832
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	534,123
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,082,485
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(40,286,275)
Net assets of governmental activities	<u>\$ 15,794,182</u>

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

**County of Patrick, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	<u>General</u>	<u>Capital Projects Funds</u>	Other		<u>Total</u>
			<u>Governmental Funds</u>	<u>Funds</u>	
<b>REVENUES</b>					
General property taxes	\$ 14,821,373		-	\$	\$ 14,821,373
Other local taxes	2,011,042		-		2,011,042
Permits, privilege fees, and regulatory licenses	81,406		-		81,406
Fines and forfeitures	28,251		-		28,251
Revenue from the use of money and property	67,623	70,749	97		138,469
Charges for services	267,963	-	1,038		269,001
Miscellaneous	208,179	2,050	-		210,229
Recovered costs	518,578	44,668	-		563,246
Intergovernmental revenues:					
Commonwealth	4,483,210	-	13,014		4,496,224
Federal	975,285	-	-		975,285
Total revenues	\$ 23,462,910	\$ 117,467	\$ 14,149	\$	\$ 23,594,526
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,284,573	\$	-	\$	\$ 1,284,573
Judicial administration	707,881		-		707,881
Public safety	4,713,521	4,919,746	514		9,633,781
Public works	1,192,312	-	-		1,192,312
Health and welfare	2,045,307	-	-		2,045,307
Education	4,328,634	15,256,630	-		19,585,264
Parks, recreation, and cultural	469,691	-	-		469,691
Community development	632,530	-	-		632,530
Capital projects	424,283	-	-		424,283
Debt service:					
Principal retirement	1,040,450	-	-		1,040,450
Interest and other fiscal charges	1,699,753	-	-		1,699,753
Total expenditures	\$ 18,538,935	\$ 20,176,376	\$ 514	\$	\$ 38,715,825
Excess (deficiency) of revenues over (under) expenditures	\$ 4,923,975	\$ (20,058,909)	\$ 13,635	\$	\$ (15,121,299)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 268,968	3,200,000	\$	-	\$ 3,468,968
Transfers out	(3,200,000)	(268,968)		-	(3,468,968)
Bond premium	-	124,285		-	124,285
Bond issuance cost	-	(120,431)		-	(120,431)
Proceeds of general obligation bonds		6,295,000			6,295,000
Total other financing sources (uses)	\$ (2,931,032)	\$ 9,229,886	\$ -	\$	\$ 6,298,854
Net change in fund balances	\$ 1,992,943	\$ (10,829,023)	\$ 13,635	\$	\$ (8,822,445)
Fund balances - beginning	4,215,125	22,777,538	32,799		27,025,462
Fund balances - ending	\$ 6,208,068	\$ 11,948,515	\$ 46,434	\$	\$ 18,203,017

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, 2010**

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

Net change in fund balances - total governmental funds	\$ (8,822,445)
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.	19,879,026
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	275,037
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(5,291,462)
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.	(153,417)
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.	744,285
Change in net assets of governmental activities	<u><u>\$ 6,631,024</u></u>

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

County of Patrick, Virginia  
Statement of Net Assets  
Proprietary Fund  
June 30, 2010

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	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 204,058
Investments	965,843
Prepaid expenses	34,389
Total assets	<u>\$ 1,204,290</u>
<b>LIABILITIES</b>	
Current liabilities:	
Estimate of incurred but not reported health claims	\$ 121,805
Total liabilities	<u>\$ 121,805</u>
<b>NET ASSETS</b>	
Unrestricted	<u>\$ 1,082,485</u>
Total net assets	<u>\$ 1,082,485</u>

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

County of Patrick, Virginia  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Fund  
 For the Year Ended June 30, 2010

	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 2,617,173
Miscellaneous	95,683
Total operating revenues	<u>\$ 2,712,856</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 1,970,007
Total operating expenses	<u>\$ 1,970,007</u>
Operating income (loss)	<u>\$ 742,849</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 1,436
Income before contributions and transfers	<u>\$ 744,285</u>
Change in net assets	\$ 744,285
Total net assets - beginning, as restated	338,200
Total net assets - ending	<u>\$ 1,082,485</u>

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

**County of Patrick, Virginia**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2010**

	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 2,613,359
Payments for premiums	(1,985,033)
Other receipts (payments)	95,683
Net cash provided (used) by operating activities	<u>\$ 724,009</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale (purchase) of investments	\$ (674,838)
Interest and dividends received	1,436
Net cash provided (used) by investing activities	<u>\$ (673,402)</u>
Net increase (decrease) in cash and cash equivalents	\$ 50,607
Cash and cash equivalents - beginning	153,451
Cash and cash equivalents - ending	<u>\$ 204,058</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ 742,849
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in prepaid expenses	\$ (3,814)
Increase (decrease) in accounts payable	(15,026)
Total adjustments	<u>\$ (18,840)</u>
Net cash provided (used) by operating activities	<u>\$ 724,009</u>

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

County of Patrick, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 19,993
Cash in custody of others	1,245
Total assets	<u>\$ 21,238</u>
<b>LIABILITIES</b>	
Amounts held for Social Services clients	\$ 13,993
Amounts held for DeHart Cemetery	6,000
Amounts held for inmates	1,245
Total liabilities	<u>\$ 21,238</u>

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

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010

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#### Note 1-Summary of Significant Accounting Policies:

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

#### A. Reporting Entity

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

Blended component units - None

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

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

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

Related Organizations – None

Jointly Governed Organizations:

1. The County and the City of Martinsville participate in supporting the Blue Ridge Regional Library. For the fiscal year ended June 30, 2010, the County contributed \$261,982 to the Library.
2. The County and the County of Franklin and the City of Martinsville participate in supporting the Piedmont Regional Community Services Board. For the fiscal year ended June 30, 2010 the County contributed \$44,435 to the Community Services Board.

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

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

##### B. Government-wide and fund financial statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

County of Patrick, Virginia

**Notes to Financial Statements**  
**As of June 30, 2010 (Continued)**

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

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

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

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

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

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

The government reports the following nonmajor governmental funds:

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

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

**County of Patrick, Virginia**

**Notes to Financial Statements  
As of June 30, 2010 (Continued)**

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

**D. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

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

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

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

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

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

###### 2. Receivables and payables

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

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

###### 3. Property Taxes

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

###### 4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$97,498 at June 30, 2010 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 assets lives are not capitalized.

County of Patrick, Virginia

**Notes to Financial Statements**  
**As of June 30, 2010 (Continued)**

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

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

6. Capital assets (continued)

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

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

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

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**County of Patrick, Virginia**

**Notes to Financial Statements  
As of June 30, 2010 (Continued)**

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

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

**9. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**10. Net Assets**

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

**11. Prepaid items**

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

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

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

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(40,286,275) and \$(624,760) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (9,511,993)	\$ -
Lease revenue note	(24,555,000)	-
Unamortized premium	(294,301)	-
Literary loans payable	(2,640,000)	-
Leases payable	(3,258,893)	-
Accrued interest payable	(466,984)	-
Net OPEB Obligation	(22,363)	(242,578)
Compensated absences	(776,567)	(382,182)
Bond issue discount	160,726	-
Bond cost of issuance	<u>1,079,100</u>	<u>-</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u>(40,286,275)</u>	\$ <u>(624,760)</u>

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# County of Patrick, Virginia

## Notes to Financial Statements As of June 30, 2010 (Continued)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$19,879,026 and \$(263) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 20,401,624	\$ 977,521
Asset disposals	(165,563)	(373,127)
Accumulated depreciation for assets removed	240,563	166,194
Depreciation expenses	<u>(597,598)</u>	<u>(770,851)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>19,879,026</u>	\$ <u>(263)</u>

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County of Patrick, Virginia

**Notes to Financial Statements**  
**As of June 30, 2010 (Continued)**

---

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

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

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(5,291,462) difference in the primary government are as follows:

	<u>Primary</u> <u>Government</u>
Debt Issued or incurred:	
Bond issuance	\$ (6,295,000)
Bond issuance cost-lease revenue note	120,431
Premium- bond issuance	(124,285)
Principal repayments:	
General obligation debt	684,015
Literary loans	211,824
Capital lease	144,611
Bond premium amortization	<u>(33,058)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (5,291,462)</u>

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County of Patrick, Virginia

**Notes to Financial Statements**  
**As of June 30, 2010 (Continued)**

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

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$(153,417) and \$(121,742) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
(Increase) decrease in compensated absences	\$ (220,094)	\$ (1,964)
(Increase) decrease in OPEB Obligation	(10,863)	(119,778)
(Increase) decrease in bond premium	4,227	-
(Increase) decrease in accrued interest	<u>73,313</u>	<u>-</u>
 <i>Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	 <u>\$ (153,417)</u>	 <u>\$ (121,742)</u>

**Note 3-Stewardship, Compliance, and Accountability:**

**A. Budgetary information**

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

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

**County of Patrick, Virginia**

**Notes to Financial Statements  
As of June 30, 2010 (Continued)**

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**Note 3-Stewardship, Compliance, and Accountability:** (continued)

**A. Budgetary information (continued)**

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Budgetary data presented in the accompanying financial statements is the revised budget as of June 30, and the original budget adopted by the Board of Supervisors.
9. Excess of expenditures over appropriations  
For fiscal year ended June 30, 2010, there were not any funds/departments that over expended appropriations.
10. Deficit fund equity  
At June 30, 2010, there were no funds with deficit fund equity.

**Note 4-Deposits and Investments:**

**Deposits:**

All cash of the County of Patrick, Virginia and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance

**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.

**County of Patrick, Virginia**

**Notes to Financial Statements**  
**As of June 30, 2010 (Continued)**

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**Note 4-Deposits and Investments: (continued)**

The County's rated debt investments as of June 30, 2010 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**

<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>	
	<b>AAAm</b>	<b>Unrated</b>
LGIP	\$ 3,647,348	\$ -
SNAP	10,755,092	-
<b>Total</b>	<b>\$ 14,402,440</b>	<b>\$ -</b>

**Concentration of Credit Risk:**

At June 30, 2010, 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, 2010, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

**Investment Pools:**

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Other local taxes	\$ 94,907	\$ -
State sales tax	-	410,332
Non-categorical aid	9,171	-
Categorical aid-shared expenses	173,167	-
Categorical aid-VPA funds	90,165	-
Categorical aid-other	48,820	61,136
<u>Other School Divisions</u>		69,788
<u>Federal Government:</u>		
Categorical aid-VPA funds	54,220	-
Categorical aid-other	-	550,020
<b>Totals</b>	<b>\$ 470,450</b>	<b>\$ 1,091,276</b>

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<b>Primary Government:</b>		
General Fund	\$ <u>                  </u> -	\$ <u>                  </u> 723,928
<b>Component Unit - School Board:</b>		
School Fund	\$ <u>                  </u> 723,928	\$ <u>                  </u> -

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans		Lease Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ <u>                  </u> -	\$ <u>                  </u> -	\$ 120,000	\$ 56,700	\$ 455,000	\$ 1,123,488
2012	364,887	505,716	195,000	55,350	470,000	1,108,700
2013	369,205	486,972	195,000	51,000	490,000	1,092,250
2014	380,031	469,037	195,000	46,650	505,000	1,075,100
2015	391,484	450,355	195,000	42,300	525,000	1,056,794
2016-2020	1,784,166	1,983,255	975,000	146,250	2,935,000	4,970,625
2021-2025	2,014,224	1,512,696	465,000	56,551	3,585,000	4,311,344
2026-2030	1,222,996	1,057,512	300,000	13,500	4,445,000	3,453,100
2031-2035	1,350,000	689,264	-	-	5,575,000	2,327,344
2036-2040	1,635,000	249,792	-	-	5,570,000	749,438
<b>Totals</b>	<b>\$ <u>                  </u> 9,511,993</b>	<b>\$ <u>                  </u> 7,404,599</b>	<b>\$ <u>                  </u> 2,640,000</b>	<b>\$ <u>                  </u> 468,301</b>	<b>\$ <u>                  </u> 24,555,000</b>	<b>\$ <u>                  </u> 21,268,183</b>

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness (continued)

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2010.

	Balance			
	July 1, 2009	Issuances	Retirements	June 30, 2010
Bonds and notes	\$ 3,456,008	\$ 6,295,000	(239,015)	\$ 9,511,993
Lease revenue notes	25,000,000	-	(445,000)	24,555,000
Bond premiums	179,785	124,285	(9,769)	294,301
Bond discount	(166,268)	-	5,542	(160,726)
Literary loans	2,851,824	-	(211,824)	2,640,000
Capital leases	3,403,504	-	(144,611)	3,258,893
Compensated absences	556,473	220,094	-	776,567
OPEB obligation	11,500	24,563	(13,700)	22,363
 Total	 \$ 35,292,826	 \$ 6,663,942	 \$ (1,058,377)	 \$ 40,898,391

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	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	4.85-6.6%	7/31/1991	2011	\$ 85,628	\$ 6,258	\$ -
General Obligation Bond	6.1-6.6%	11/22/1994	2014	1,151,824	263,178	-
General Obligation Bond	2.35-5.1%	11/7/2002	2022	469,054	303,403	-
General Obligation Bond	4.1-5.6%	10/15/2004	2025	1,630,018	1,226,515	-
General Obligation Bond	4.6-5.1%	11/10/2005	2026	1,338,330	1,061,526	-
General Obligation Bond	4.6-5.1%	11/10/2005	2026	448,957	356,113	-
General Obligation Bond	4.6-5.1%	11/9/2009	2040	6,295,000	6,295,000	-
Lease Revenue Notes:						
Lease Revenue Note	3.5-25%	7/29/2008	2039	25,000,000	24,555,000	455,000
Subtotal GO Bonds and Notes					\$ 34,066,993	\$ 455,000
Add:						
Premium	n/a	10/15/2004	2025	117,079	\$ 87,809	\$ 5,854
Premium	n/a	11/10/2005	2026	97,867	82,207	3,915
Premium	n/a	11/9/2009	2040	124,285	124,285	4,143
Less:						
Discount	n/a	7/29/2008	2039	166,268	\$ (160,726)	\$ (5,542)
Total GO Bonds and Notes					\$ 34,200,568	\$ 463,370
Literary Loans:						
State Literary Fund Loan	2%	4/24/2000	2020	1,500,000	\$ 750,000	\$ 75,000
State Literary Fund Loan	3%	3/8/2002	2022	900,000	540,000	45,000
State Literary Fund Loan	2%	7/15/2008	2029	1,425,000	1,350,000	-
Total Literary Loans					\$ 2,640,000	\$ 120,000
Lease Purchase Agreements:						
Capital Lease	7.15%	8/15/2008	2023	3,403,504	\$ 3,258,893	\$ -
Other Obligations						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 776,567	\$ -
OPEB Obligation	n/a	n/a	n/a	n/a	22,363	-
Total Other Obligations					\$ 798,930	\$ -
Total Long-term Liabilities					\$ 40,898,391	\$ 583,370

# County of Patrick, Virginia

## Notes to Financial Statements As of June 30, 2010 (Continued)

### Note 8-Capital Lease:

#### Primary Government:

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

The asset acquired through capital lease is as follows:

	<u>Energy Efficient Equipment</u>
Construction in Progress	<u>\$ 2,664,398</u>
Net Asset	<u>\$ 2,664,398</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2010, are as follows:

<u>Year Ending June 30,</u>	<u>Energy Efficient Equipment</u>
2011	\$ -
2012	313,737
2013	318,548
2014	323,556
2015	328,768
2016-2020	1,729,780
2021-2024	<u>1,501,801</u>
Sub-total	\$ 4,516,190
Less, amount representing interest	<u>(1,257,297)</u>
Present Value of Lease Agreement	<u>\$ 3,258,893</u>

County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2010.

	<u>Balance</u> <u>July 1, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
OPEB Obligation	\$ 122,800	\$ 277,078	\$ (157,300)	\$ 242,578
Compensated absences	380,218	1,964	-	382,182
<b>Total</b>	<b>\$ 503,018</b>	<b>\$ 279,042</b>	<b>\$ (157,300)</b>	<b>\$ 624,760</b>

Details of Indebtedness:

	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within One Year</u>
<u>Other Obligations:</u>		
Compensated absences	\$ 382,182	\$ -
OPEB Obligation	242,578	-
<b>Total Long-Term Obligations</b>	<b>\$ 624,760</b>	<b>\$ -</b>

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## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

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#### Note 10-Employee Retirement System and Pension Plans:

##### A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65.

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

##### B. Funding Policy

###### Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County of Patrick, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Patrick, Virginia's contribution rate for the fiscal year ended 2009 was 10.76% of annual covered payroll.

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## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

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

##### B. Funding Policy (continued)

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2010 was 8.16% of annual covered payroll.

##### C. Annual Pension Cost

For Fiscal year 2010, the County of Patrick, Virginia's annual pension cost of \$434,721 and \$139,568 was equal to the County of Patrick, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

###### Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
<b>Primary Government:</b>				
County	6/30/2008	\$ 346,713	100.00%	\$ -
	6/30/2009	430,826	100.00%	-
	6/30/2010	434,721	100.00%	-
<b>Discretely Presented-Component Unit:</b>				
School Board Non-Professional	6/30/2008	\$ 122,578	100.00%	\$ -
	6/30/2009	143,172	100.00%	-
	6/30/2010	139,568	100.00%	-

<sup>1</sup> Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Patrick, Virginia's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Patrick, Virginia's and the School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

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

##### D. Funded Status and Funding Progress

###### Primary Government:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 83.32% funded. The actuarial accrued liability for benefits was \$16,064,467, and the actuarial value of assets was \$13,384,629, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,679,838. The covered payroll (annual payroll of active employees covered by the plan) was \$3,968,369, and ratio of the UAAL to the covered payroll was 67.53%.

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 88.50% funded. The actuarial accrued liability for benefits was \$5,802,251, and the actuarial value of assets was \$5,134,989, resulting in an unfunded actuarial accrued liability (UAAL) of \$667,262. The covered payroll (annual payroll of active employees covered by the plan) was \$1,727,794, and ratio of the UAAL to the covered payroll was 38.62%.

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

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

###### Plan Description

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

###### Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5.00% member contribution, was \$1,102,082, \$1,085,030, and \$1,177,937 for the fiscal years ended 2010, 2009, and 2008, respectively. Required employer contributions represented 6.61%, 8.81%, and 10.30% of covered payroll for the fiscal years ended 2010, 2009, and 2008, respectively.

**County of Patrick, Virginia**

**Notes to Financial Statements**  
**As of June 30, 2010 (Continued)**

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**Note 11-Deferred Revenue:**

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 3,992,198	\$ 3,458,075
Prepaid taxes	666,298	666,298
Total deferred/unearned revenue for governmental funds	<hr/> \$ 4,658,496	<hr/> \$ 4,124,373

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 776,532	\$ 355,532	\$ -	\$ 1,132,064
Construction in progress	<u>4,510,114</u>	<u>19,826,503</u>	<u>-</u>	<u>24,336,617</u>
Total capital assets not being depreciated	<u>\$ 5,286,646</u>	<u>\$ 20,182,035</u>	<u>\$ -</u>	<u>\$ 25,468,681</u>
Capital assets, being depreciated:				
Buildings	\$ 13,616,916	\$ 31,200	\$ -	\$ 13,648,116
Machinery and equipment	<u>2,553,061</u>	<u>188,389</u>	<u>(165,563)</u>	<u>2,575,887</u>
Total capital assets being depreciated	<u>\$ 16,169,977</u>	<u>\$ 219,589</u>	<u>\$ (165,563)</u>	<u>\$ 16,224,003</u>
Less: accumulated depreciation for:				
Buildings	\$ (3,243,381)	\$ (260,710)	\$ -	\$ (3,504,091)
Machinery and equipment	<u>(1,831,436)</u>	<u>(261,888)</u>	<u>165,563</u>	<u>(1,927,761)</u>
Total accumulated depreciation	<u>\$ (5,074,817)</u>	<u>\$ (522,598)</u>	<u>\$ 165,563</u>	<u>\$ (5,431,852)</u>
Total capital assets being depreciated, net	<u>\$ 11,095,160</u>	<u>\$ (303,009)</u>	<u>\$ -</u>	<u>\$ 10,792,151</u>
Governmental activities capital assets, net	<u>\$ 16,381,806</u>	<u>\$ 19,879,026</u>	<u>\$ -</u>	<u>\$ 36,260,832</u>

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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Note 12-Capital Assets: (continued)

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

Governmental activities:

General government administration	\$ 116,610
Judicial administration	1,776
Public safety	219,617
Public works	14,526
Education	165,422
Parks, recreation, and cultural	3,295
Community development	<u>1,352</u>
 Total depreciation expense-governmental activities	 <u>\$ 522,598</u>

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County of Patrick, Virginia

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 12-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2010 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 518,189	\$ 10,573	\$ -	\$ 528,762
Construction in progress	294,857	596,517	(103,430)	787,944
Total capital assets not being depreciated	\$ 813,046	\$ 607,090	\$ (103,430)	\$ 1,316,706
Capital assets, being depreciated:				
Buildings	\$ 15,408,505	\$ 163,395	\$ -	\$ 15,571,900
Machinery and equipment	5,509,047	207,036	(269,697)	5,446,386
Total capital assets being depreciated	\$ 20,917,552	\$ 370,431	\$ (269,697)	\$ 21,018,286
Less: accumulated depreciation for:				
Buildings	\$ (8,989,717)	\$ (453,631)	\$ -	\$ (9,443,348)
Machinery and equipment	(2,423,902)	(392,220)	241,194	(2,574,928)
Total accumulated depreciation	\$ (11,413,619)	\$ (845,851)	\$ 241,194	\$ (12,018,276)
Total capital assets being depreciated, net	\$ 9,503,933	\$ (475,420)	\$ (28,503)	\$ 9,000,010
Governmental activities capital assets, net	\$ 10,316,979	\$ 131,670	\$ (131,933)	\$ 10,316,716

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## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

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#### Note 13-Risk Management:

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

#### Note 14-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

#### Note 15-Surety Bonds:

##### Primary Government:

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

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

###### VACo Insurance Programs:

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

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

### Notes to Financial Statements As of June 30, 2010 (Continued)

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#### Note 15-Surety Bonds: (continued)

Component Unit – School Board:

Zurick North America:

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

#### Note 16-Other Post-Employment Benefits:

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the County recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

#### A. Plan Description

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

To be eligible for this benefit a retiree 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. 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 \$312.50 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 \$312.50.

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

#### Note 16-Other Post-Employment (continued)

##### B. Funding Policy (continued)

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

	Employee	Employee	Retiree		
	Employee	Spouse	Child	Children	Family
PPO 1000	\$ 535.87	\$ 994.02	\$ 661.37	\$ 883.49	\$ 1,226.51
PPO 2000	445.70	953.01	629.73	845.42	1,174.94
Dental	29.98	59.73	59.73	95.66	95.66
Vision	11.65	17.59	16.75	26.45	26.45

The County and School Board are required to contribute 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.

##### C. Annual OPEB Cost

For 2010, the County's annual OPEB cost (expense) of \$24,563 exceeds the ARC of \$24,500. The obligation calculation is as follows:

Annual required contribution	\$ 24,500
Interest on net OPEB obligation	460
Adjustment to annual required contribution	(397)
Annual OPEB cost (expense)	24,563
Contributions made	13,700
Increase in net OPEB obligation	10,863
Net OPEB obligation - beginning of year	11,500
Net OPEB obligation - end of year	\$ 22,363

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 24,563	56%	22,363
6/30/2009	23,800	52%	\$ 11,500

\*only available for two years

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

#### Note 16-Other Post-Employment (continued)

##### C. Annual OPEB Cost (continued)

For 2010, the School Board's annual OPEB cost (expense) of \$277,078 exceeds the ARC of \$276,400. The obligation calculation is as follows:

Annual required contribution	\$ 276,400
Interest on net OPEB obligation	4,912
Adjustment to annual required contribution	<u>(4,234)</u>
Annual OPEB cost (expense)	277,078
Contributions made	<u>157,300</u>
Increase in net OPEB obligation	119,778
Net OPEB obligation - beginning of year	<u>122,800</u>
Net OPEB obligation - end of year	\$ 242,578

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 277,078	57%	242,578
6/30/2009	266,000	54%	\$ 122,800

\*only available for two years

##### D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2009, the date of most recent actuarial, is as follows:

Actuarial accrued liability (AAL)	\$ 202,300
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 202,300
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 2,889,900
UAAL as a percentage of covered payroll	7.00%

## County of Patrick, Virginia

### Notes to Financial Statements As of June 30, 2010 (Continued)

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#### Note 16-Other Post-Employment Benefits: (continued)

##### D. Funded Status and Funding Progress (continued)

The funded status of the Plan for the School Board as of June 30, 2009, the date of the most recent actuarial, is as follows:

Actuarial accrued liability (AAL)	\$ 2,165,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 2,165,000
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 8,228,300
UAAL as a percentage of covered payroll	26.31%

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.

In the January 1, 2009, actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflations at 2.5 percent, plus productivity component of 1.25 percent, and investments rate of return at 4.00 percent, and a health care trend rate of 6.80 percent graded to 4.50 percent over 80 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010 was 28.5 years.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**County of Patrick, Virginia**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget -	
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)	
				\$	\$
<b>REVENUES</b>					
General property taxes	\$ 10,747,859	\$ 10,747,859	\$ 14,821,373	\$ 4,073,514	
Other local taxes	1,959,700	1,959,700	2,011,042		51,342
Permits, privilege fees, and regulatory licenses	75,800	75,800	81,406		5,606
Fines and forfeitures	16,000	16,000	28,251		12,251
Revenue from the use of money and property	75,000	75,000	67,623		(7,377)
Charges for services	237,794	237,794	267,963		30,169
Miscellaneous	127,000	127,000	208,179		81,179
Recovered costs	354,000	441,856	518,578		76,722
Intergovernmental revenues:					
Commonwealth	4,657,798	4,849,719	4,483,210		(366,509)
Federal	953,716	972,995	975,285		2,290
Total revenues	<u>\$ 19,204,667</u>	<u>\$ 19,503,723.00</u>	<u>\$ 23,462,910</u>	<u>\$ 3,959,187</u>	
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,261,762	\$ 1,347,781	\$ 1,284,573	\$ 63,208	
Judicial administration	692,391	765,685	707,881		57,804
Public safety	4,290,123	4,949,387	4,713,521		235,866
Public works	1,328,216	1,401,556	1,192,312		209,244
Health and welfare	2,848,901	2,870,476	2,045,307		825,169
Education	6,639,214	6,639,214	4,328,634		2,310,580
Parks, recreation, and cultural	206,752	212,858	469,691		(256,833)
Community development	369,059	571,075	632,530		(61,455)
Capital projects	14,000	698,291	424,283		274,008
Debt service:					
Principal retirement	-	866,388	1,040,450		(174,062)
Interest and other fiscal charges	-	1,411,771	1,699,753		(287,982)
Total expenditures	<u>\$ 17,650,418</u>	<u>\$ 21,734,482</u>	<u>\$ 18,538,935</u>	<u>\$ 3,195,547</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,554,249</u>	<u>\$ (2,230,759)</u>	<u>\$ 4,923,975</u>	<u>\$ 7,154,734</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	268,968		268,968
Transfers out	-	-	(3,200,000)		(3,200,000)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,931,032)</u>	<u>\$ (2,931,032)</u>	
Net change in fund balances	\$ 1,554,249	\$ (2,230,759)	\$ 1,992,943	\$ 4,223,702	
Fund balances - beginning	(1,554,249)	2,230,759	4,215,125		1,984,366
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,208,068</u>	<u>\$ 6,208,068</u>	

**County of Patrick, Virginia**  
**Required Supplementary Information**

**Schedule of OPEB and Pension Funding Progress**  
**For the Year Ended June 30, 2010**

**Primary Government: County Retirement Plan**

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2009	\$ 13,384,629	\$ 16,064,467	\$ 2,679,838	83.32%	\$ 3,968,369	67.53%
June 30, 2008	13,062,222	15,241,221	2,178,999	85.70%	3,914,164	55.67%
June 30, 2007	11,809,942	14,306,426	2,496,484	82.55%	3,554,129	70.24%

**County Health Plan**

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

**Discretely Presented Component Unit:**

**School Board Non-Professional Retirement Plan**

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2009	\$ 5,134,989	\$ 5,802,251	\$ 667,262	88.50%	\$ 1,727,794	38.62%
June 30, 2008	5,090,237	5,499,720	409,483	92.55%	1,669,892	24.52%
June 30, 2007	4,646,765	5,097,710	450,945	91.15%	1,618,967	27.85%

**School Board Health Plan**

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

County of Patrick, Virginia  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,606	\$ 8,522	\$ 32,128
Investments	9,390	4,807	14,197
Receivables (net of allowance for uncollectibles):			
Accounts receivable	109	-	109
Total assets	\$ 33,105	\$ 13,329	\$ 46,434
<b>LIABILITIES AND FUND BALANCES</b>			
Fund balances:			
Reserved for:			
Asset Forfeiture	\$ 22,137	\$ -	\$ 22,137
Unreserved:			
Designated for Capital projects	\$ -	\$ 4,807	\$ 4,807
Designated for Clifton Park	\$ -	\$ 8,522	\$ 8,522
Designated for Law library	\$ 10,968	\$ -	\$ 10,968
Total fund balances	\$ 33,105	\$ 13,329	\$ 46,434
Total liabilities and fund balances	\$ 33,105	\$ 13,329	\$ 46,434

**County of Patrick, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2010**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 83	\$ 14	\$ 97
Charges for services	1,038	-	1,038
Intergovernmental revenues:			
Commonwealth	13,014	-	13,014
Total revenues	<u>\$ 14,135</u>	<u>\$ 14</u>	<u>\$ 14,149</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>\$ 514</u>	<u>\$ -</u>	<u>\$ 514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 13,621</u>	<u>\$ 14</u>	<u>\$ 13,635</u>
Net change in fund balances	<u>\$ 13,621</u>	<u>\$ 14</u>	<u>\$ 13,635</u>
Fund balances - beginning	<u>19,484</u>	<u>13,315</u>	<u>32,799</u>
Fund balances - ending	<u>\$ 33,105</u>	<u>\$ 13,329</u>	<u>\$ 46,434</u>

County of Patrick, Virginia  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2010

	<u>Law</u> <u>Library</u>	<u>Asset</u> <u>Forfeiture</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,859	\$ 12,747	\$ 23,606
Investments	-	9,390	9,390
Receivables (net of allowance for uncollectibles):			
Accounts receivable	109	-	109
Total assets	\$ 10,968	\$ 22,137	\$ 33,105
<b>Fund balances:</b>			
Reserved for:			
Asset Forfeiture	\$ -	\$ 22,137	\$ 22,137
Unreserved:			
Designated for other	10,968	-	10,968
Total fund balances	\$ 10,968	\$ 22,137	\$ 33,105
Total liabilities and fund balances	\$ 10,968	\$ 22,137	\$ 33,105

**County of Patrick, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2010**

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	<u>Law</u>	<u>Asset</u>		
	<u>Library</u>	<u>Forfeiture</u>		<u>Total</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 83		\$ 83
Charges for services	1,038	-		1,038
Intergovernmental revenues:				
Commonwealth	-	13,014		13,014
Total revenues	<u>\$ 1,038</u>	<u>\$ 13,097</u>		<u>\$ 14,135</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ 514		\$ 514
Total expenditures	<u>\$ -</u>	<u>\$ 514</u>		<u>\$ 514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,038</u>	<u>\$ 12,583</u>		<u>\$ 13,621</u>
Net change in fund balances	<u>\$ 1,038</u>	<u>\$ 12,583</u>		<u>\$ 13,621</u>
Fund balances - beginning	<u>9,930</u>	<u>9,554</u>		<u>19,484</u>
Fund balances - ending	<u>\$ 10,968</u>	<u>\$ 22,137</u>		<u>\$ 33,105</u>

County of Patrick, Virginia  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2010

	Law Library			Asset Forfeiture			Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual	Budgeted Amounts		Actual		
	Original	Final		Original	Final			
<b>REVENUES</b>								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ 1,038	\$ 1,038	\$ -	\$ 83	
Charges for services								
Intergovernmental revenues:								
Commonwealth								
Federal								
Total revenues	\$ -	\$ -	\$ 1,038	\$ 1,038	\$ -	\$ -	\$ 13,097	
<b>EXPENDITURES</b>								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 514	\$ 514	
Total expenditures								
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,038	\$ 1,038	\$ (514)	\$ (514)	\$ 13,097	
Net change in fund balances	\$ -	\$ -	\$ 1,038	\$ 1,038	\$ (514)	\$ (514)	\$ 13,097	
Fund balances - beginning			9,930	9,930			9,554	
Fund balances - ending	\$ -	\$ -	\$ 10,968	\$ 10,968	\$ (514)	\$ (514)	\$ 22,137	

County of Patrick, Virginia  
 Combining Balance Sheet  
 Major Capital Projects Funds  
 June 30, 2010

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	School Construction	Jail Construction	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,655,454	\$ 3,245,896	\$ 10,901,350
Investments	-	3,099,637	3,099,637
Total assets	\$ 7,655,454	\$ 6,345,533	\$ 14,000,987
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 70,769	\$ 1,981,703	\$ 2,052,472
Fund balances:			
Reserved for:			
Capital projects	\$ 7,584,685	\$ 4,363,830	\$ 11,948,515
Total fund balances	\$ 7,584,685	\$ 4,363,830	\$ 11,948,515
Total liabilities and fund balances	\$ 7,655,454	\$ 6,345,533	\$ 14,000,987

**County of Patrick, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Major Capital Projects Funds**  
**For the Year Ended June 30, 2010**

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	<u>School</u>	<u>Jail</u>	
	<u>Construction</u>	<u>Construction</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 61,727	\$ 9,022	\$ 70,749
Miscellaneous	2,050	-	2,050
Recovered costs	-	44,668	44,668
Total revenues	<u>\$ 63,777</u>	<u>\$ 53,690</u>	<u>\$ 117,467</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ -	\$ 4,919,746	\$ 4,919,746
Education	15,256,630	-	15,256,630
Total expenditures	<u>\$ 15,256,630</u>	<u>\$ 4,919,746</u>	<u>\$ 20,176,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,192,853)</u>	<u>\$ (4,866,056)</u>	<u>\$ (20,058,909)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 3,200,000	\$ 3,200,000
Transfers out	-	(268,968)	(268,968)
Proceeds of general obligation bonds	-	6,295,000	6,295,000
Proceeds of capital leases	-	124,285	124,285
Bond issuance cost	-	(120,431)	(120,431)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 9,229,886</u>	<u>\$ 9,229,886</u>
Net change in fund balances	<u>\$ (15,192,853)</u>	<u>\$ 4,363,830</u>	<u>\$ (10,829,023)</u>
Fund balances - beginning	<u>\$ 22,777,538</u>	<u>\$ -</u>	<u>\$ 22,777,538</u>
Fund balances - ending	<u>\$ 7,584,685</u>	<u>\$ 4,363,830</u>	<u>\$ 11,948,515</u>

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, 2010

	School Construction Fund			Jail Construction Fund			Variance with Final Budget - Positive (Negative)	
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)		Budgeted Amounts			
	Original	Final	Actual Amounts	Original (Negative)	Final	Actual Amounts		
<b>REVENUES</b>								
Revenue from the use of money and property				61,727 \$ 61,727			\$ 9,022 \$ 9,022	
Miscellaneous				2,050 2,050				
Recovered costs								
Total revenues							\$ 44,668 \$ 44,668	
							\$ 53,690 \$ 53,690	
<b>EXPENDITURES</b>								
Current:								
Public safety								
Education								
Total expenditures				15,256,630 \$ (15,256,630)				
Excess (deficiency) of revenues over (under) expenditures				\$ (15,192,853) \$ (15,192,853)			\$ (4,866,056) \$ (4,866,056)	
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in								
Transfers out								
Proceeds of general obligation bonds								
Bond premium								
Bond issuance cost								
Total other financing sources and uses								
Net change in fund balances				\$ (15,192,853) \$ (15,192,853)			\$ 4,363,830 \$ 4,363,830	
Fund balances - beginning				22,777,538 22,777,538				
Fund balances - ending				\$ 7,584,685 \$ 7,584,685			\$ 4,363,830 \$ 4,363,830	

County of Patrick, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2010

	Park Construction			Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Revenue from the use of money and property	\$ -	\$ -	\$ 14	\$ 14	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 14	\$ 14	
Net change in fund balances	\$ -	\$ -	\$ 14	\$ 14	
Fund balances - beginning	\$ -	\$ -	\$ 13,315	\$ 13,315	
Fund balances - ending	\$ -	\$ -	\$ 13,329	\$ 13,329	

## FIDUCIARY FUNDS

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

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

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

County of Patrick, Virginia  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2010

Agency Funds

	<u>Special Welfare</u>	<u>Dehart Cemetery</u>	<u>Jail Canteen</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,993	\$ 6,000	\$ -	\$ 19,993
Cash in custody of others	-	-	1,245	1,245
<b>Total assets</b>	<b>\$ 13,993</b>	<b>\$ 6,000</b>	<b>\$ 1,245</b>	<b>\$ 21,238</b>
<b>LIABILITIES</b>				
Amounts held for Social Services clients	\$ 13,993	\$ -	\$ -	\$ 13,993
Amounts held for DeHart Cemetery	-	6,000	-	6,000
Amounts held for inmates	-	-	1,245	1,245
<b>Total liabilities</b>	<b>\$ 13,993</b>	<b>\$ 6,000</b>	<b>\$ 1,245</b>	<b>\$ 21,238</b>

## DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

### MAJOR GOVERNMENTAL FUNDS

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

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**SUPPORTING SCHEDULES**

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**County of Patrick, Virginia**  
**Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**June 30, 2010**

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	<u>School Operating Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,162,655
Cash in custody of others	200
Investments	626,711
Due from other governmental units	1,091,276
Total assets	<u>\$ 2,880,842</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 367,549
Contracts payable	985,431
Due to primary government	723,928
Total liabilities	<u>\$ 2,076,908</u>
Fund balances:	
Unreserved:	
Undesignated	\$ 200
Designated for cafeteria	803,734
Total fund balances	<u>\$ 803,934</u>
Total liabilities and fund balances	<u>\$ 2,880,842</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 803,934
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,316,716
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	220,411
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(624,760)
Net assets of governmental activities	<u>\$ 10,716,301</u>

**County of Patrick, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds - Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2010**

	<u>School Operating Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 11,147
Charges for services	551,318
Miscellaneous	1,006,981
Recovered costs	55,041
Intergovernmental revenues:	
Local government	4,312,848
Commonwealth	15,319,278
Federal	4,430,659
Total revenues	<u>\$ 25,687,272</u>
<b>EXPENDITURES</b>	
Current:	
Education	\$ 25,701,095
Total expenditures	<u>\$ 25,701,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (13,823)</u>
Net change in fund balances	\$ (13,823)
Fund balances - beginning	817,757
Fund balances - ending	<u>\$ 803,934</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	\$ (13,823)
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.	<u>(263)</u>
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.	<u>(121,742)</u>
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	<u>(68,639)</u>
Change in net assets of governmental activities	<u>\$ (204,467)</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, 2010**

	<b>School Operating Fund</b>				<b>Variance with Final Budget</b>	
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Positive (Negative)</b>		
	<b>Original</b>	<b>Final</b>				
<b>REVENUES</b>						
Revenue from the use of money and property	\$ 3,500	\$ 3,500	\$ 11,147	\$ 7,647		
Charges for services	661,059	661,059	551,318	(109,741)		
Miscellaneous	633,307	633,307	1,006,981	373,674		
Recovered costs	48,000	48,000	55,041	7,041		
Intergovernmental revenues:						
Local government	6,639,214	6,639,214	4,312,848	(2,326,366)		
Commonwealth	17,284,825	17,284,825	15,319,278	(1,965,547)		
Federal	4,151,609	4,151,609	4,430,659	279,050		
Total revenues	<u>\$ 29,421,514</u>	<u>\$ 29,421,514</u>	<u>\$ 25,687,272</u>	<u>\$ (3,734,242)</u>		
<b>EXPENDITURES</b>						
Current:						
Education	\$ 27,529,849	\$ 27,529,849	\$ 25,701,095	\$ 1,828,754		
Total expenditures	<u>\$ 27,529,849</u>	<u>\$ 27,529,849</u>	<u>\$ 25,701,095</u>	<u>\$ 1,828,754</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,891,665</u>	<u>\$ 1,891,665</u>	<u>\$ (13,823)</u>	<u>\$ (1,905,488)</u>		
Net change in fund balances	<u>\$ 1,891,665</u>	<u>\$ 1,891,665</u>	<u>\$ (13,823)</u>	<u>\$ (1,905,488)</u>		
Fund balances - beginning	<u>(1,891,665)</u>	<u>(1,891,665)</u>	<u>817,757</u>	<u>2,709,422</u>		
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,934</u>	<u>\$ 803,934</u>		

**County of Patrick, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

**Schedule 1**  
**Page 1 of 6**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,192,873	\$ 8,192,873	\$ 11,908,794	\$ 3,715,921
Real and personal public service corporation taxes	229,000	229,000	315,588	86,588
Personal property taxes	1,553,149	1,553,149	1,678,324	125,175
Mobile home taxes	99,276	99,276	77,336	(21,940)
Machinery and tools taxes	673,561	673,561	675,430	1,869
Penalties	-	-	126,006	126,006
Interest	-	-	39,895	39,895
Total general property taxes	<u>\$ 10,747,859</u>	<u>\$ 10,747,859</u>	<u>\$ 14,821,373</u>	<u>\$ 4,073,514</u>
Other local taxes:				
Local sales and use taxes	\$ 900,000	\$ 900,000	\$ 941,988	\$ 41,988
Consumers' utility taxes	474,500	474,500	406,915	(67,585)
Gross receipts tax	17,200	17,200	12,369	(4,831)
Consumption taxes	-	-	61,509	61,509
Motor vehicle licenses	420,000	420,000	451,422	31,422
Bank stock taxes	14,000	14,000	13,088	(912)
Taxes on recordation and wills	80,000	80,000	62,922	(17,078)
Hotel and motel room taxes	54,000	54,000	60,829	6,829
Total other local taxes	<u>\$ 1,959,700</u>	<u>\$ 1,959,700</u>	<u>\$ 2,011,042</u>	<u>\$ 51,342</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 12,000	\$ 12,000	\$ 13,026	\$ 1,026
Animal adoption fees	2,000	2,000.00	1,658	(342)
Transfer fees	1,000	1,000.00	750	(250)
Building permits	60,800	60,800.00	65,972	5,172
Total permits, privilege fees, and regulatory licenses	<u>\$ 75,800</u>	<u>\$ 75,800</u>	<u>\$ 81,406</u>	<u>\$ 5,606</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 16,000	\$ 16,000	\$ 28,251	\$ 12,251
Revenue from use of money and property:				
Revenue from use of money	\$ 38,000	\$ 38,000	\$ 31,136	\$ (6,864)
Revenue from use of property	37,000	37,000	36,487	(513)
Total revenue from use of money and property	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 67,623</u>	<u>\$ (7,377)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 894	\$ 894	\$ 8,045	\$ -
Charges for courthouse maintenance	-	-	5,608	7,151
Charges for courthouse security fees	-	-	25,807	5,608
Charges for court appointed attorney	300	300	506	25,807
Charges for Commonwealth's Attorney	-	-	1,132	206
Miscellaneous court recording fees	6,100	6,100	12,654	1,132
Miscellaneous charges	-	-	118	6,554

County of Patrick, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges from services: (Continued)				
Charges for sanitation and waste removal	\$ 228,000	\$ 228,000	\$ 208,643	\$ (19,357)
Charges for parks and recreation	2,500	2,500	5,450	2,950
Total charges for services	<u>\$ 237,794</u>	<u>\$ 237,794</u>	<u>\$ 267,983</u>	<u>\$ 30,169</u>
Miscellaneous revenue:				
Miscellaneous	\$ 127,000	\$ 127,000	\$ 208,179	\$ 81,179
Recovered costs:				
Care of prisoners	\$ 80,000	\$ 80,000	\$ 86,371	\$ 6,371
Payroll reimbursements	159,000	159,000	165,690	6,690
Transportation-Area on Aging	29,000	29,000	35,445	6,445
Law enforcement	-	87,856	117,731	29,875
Health department	10,000	10,000	2,954	(7,046)
Tobacco firearms tax force	64,000	64,000	7,875	(56,125)
Vehicle patrol	12,000	12,000	8,808	(3,192)
Other recovered costs	-	-	93,704	93,704
Total recovered costs	<u>\$ 354,000</u>	<u>\$ 441,856</u>	<u>\$ 518,578</u>	<u>\$ 76,722</u>
Total revenue from local sources	<u>13,593,153</u>	<u>13,681,009</u>	<u>18,004,415</u>	<u>4,323,406</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 72,000	\$ 72,000	\$ 22,851	\$ (49,149)
Motor vehicle rental tax	1,000	1,000	1,199	199
Grantor tax	60,000	60,000	21,608	(38,392)
State recordation tax	-	-	27,446	27,446
Communications tax	535,000	535,000	511,628	(23,372)
Personal property tax relief funds	688,659	688,659	688,659	-
Total noncategorical aid	<u>\$ 1,356,659</u>	<u>\$ 1,356,659</u>	<u>\$ 1,273,391</u>	<u>\$ (83,268)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 241,803	\$ 241,803	\$ 225,870	\$ (15,933)
Sheriff	1,515,776	1,525,776	1,260,996	(264,780)
Commissioner of revenue	109,840	109,840	99,740	(10,100)
Treasurer	102,769	102,769	94,209	(8,560)
Registrar/electoral board	53,113	53,113	41,154	(11,959)
Clerk of the Circuit Court	202,267	202,267	202,558	291
Total shared expenses	<u>\$ 2,225,568</u>	<u>\$ 2,235,568</u>	<u>\$ 1,924,527</u>	<u>\$ (311,041)</u>
Other categorical aid:				
State welfare funds	\$ 549,857	\$ 549,857	\$ 460,161	\$ (89,696)
Comprehensive Services Act	205,764	205,764	210,613	4,849
Litter control grant	8,000	8,000	7,296	(704)

County of Patrick, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Victim witness grant	\$ 24,253	\$ 24,253	\$ 27,458	\$ 3,205
Fire programs	50,197	50,197	50,891	694
E-911 Wireless Funds	200,000	200,000	156,515	(43,485)
E-911 grants	25,500	25,500	52,554	27,054
DMV grants	-	-	500	500
Law enforcement grants	-	-	8,510	8,510
GIS mapping grant	-	31,921	141,506	109,585
Tobacco indemnification funds	-	150,000	150,000	-
Other state grants	12,000	12,000	19,288	7,288
Total other categorical aid	<u>\$ 1,075,571</u>	<u>\$ 1,257,492</u>	<u>\$ 1,285,292</u>	<u>\$ 27,800</u>
Total categorical aid	<u>\$ 3,301,139</u>	<u>\$ 3,493,060</u>	<u>\$ 3,209,819</u>	<u>\$ (283,241)</u>
Total revenue from the Commonwealth	<u>\$ 4,657,798</u>	<u>\$ 4,849,719</u>	<u>\$ 4,483,210</u>	<u>\$ (366,509)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,914</u>	<u>\$ 18,914</u>
Categorical aid:				
Public assistance and welfare administration	\$ 953,716	\$ 953,716	\$ 798,074	\$ (155,642)
Crime Victim Assistance	-	-	3,592	3,592
Emergency management preparedness grant	-	-	54,750	54,750
JAG funding	-	19,279	71,365	52,086
Highway safety	-	-	28,590	28,590
Total categorical aid	<u>\$ 953,716</u>	<u>\$ 972,995</u>	<u>\$ 956,371</u>	<u>\$ (16,624)</u>
Total revenue from the federal government	<u>\$ 953,716</u>	<u>\$ 972,995</u>	<u>\$ 975,285</u>	<u>\$ 2,290</u>
Total General Fund	<u>\$ 19,204,667</u>	<u>\$ 19,503,723</u>	<u>\$ 23,462,910</u>	<u>\$ 3,959,187</u>
<b>Nonmajor Special Revenue funds:</b>				
<b>Law Library fund:</b>				
Revenue from local sources:				
Charges for services:				
Law library fees	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,038</u>	<u>\$ 1,038</u>
Total Law Library fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,038</u>	<u>\$ 1,038</u>
<b>Asset Forfeiture Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ 83</u>

County of Patrick, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Nonmajor Special Revenue funds: (Continued)</b>				
<b>Asset Forfeiture Fund: (Continued)</b>				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets - US Treasury	\$ -	\$ -	\$ 13,014	\$ 13,014
Total Asset Forfeiture fund	\$ -	\$ -	\$ 13,097	\$ 13,097
<b>Capital Projects Funds:</b>				
<b>School Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 61,727	\$ 61,727
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 2,050	\$ 2,050
Total revenue from local sources	\$ -	\$ -	\$ 63,777	\$ 63,777
Total School Construction Fund	\$ -	\$ -	\$ 63,777	\$ 63,777
<b>Jail Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 9,022	\$ 9,022
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 44,668	\$ 44,668
Total revenue from local sources	\$ -	\$ -	\$ 53,690	\$ 53,690
Total Jail Construction Fund	\$ -	\$ -	\$ 53,690	\$ 53,690
<b>Nonmajor Capital Projects fund:</b>				
<b>Park Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15	\$ 15
Total Park Construction Fund	\$ -	\$ -	\$ 15	\$ 15
Total Primary Government	\$ 19,204,667	\$ 19,503,723	\$ 23,594,527	\$ 4,037,114
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Fund:</b>				
<b>School Operating Fund:</b>				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,219	\$ 3,219
Revenue from the use of property	3,500	3,500	7,928	4,428
Total revenue from use of money and property	\$ 3,500	\$ 3,500	\$ 11,147	\$ 7,647

**County of Patrick, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Charges for services:				
Transportation of pupils	\$ 33,500	\$ 33,500	\$ 53,854	\$ 20,354
Cafeteria sales	627,559	627,559	497,464	(130,095)
Total charges for services	<u>\$ 661,059</u>	<u>\$ 661,059</u>	<u>\$ 551,318</u>	<u>\$ (109,741)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 633,307	\$ 633,307	\$ 1,006,981	\$ 373,674
Recovered costs:				
JROTC	\$ 48,000	\$ 48,000	\$ 55,041	\$ 7,041
Total revenue from local sources	<u>\$ 1,345,866</u>	<u>\$ 1,345,866</u>	<u>\$ 1,624,487</u>	<u>\$ 278,621</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Patrick, Virginia	\$ 6,639,214	\$ 6,639,214	\$ 4,312,848	\$ (2,326,366)
Revenues from the Commonwealth:				
Categorical aid:				
At risk payments	\$ 299,118	\$ 299,118	\$ 286,528	\$ (12,590)
At risk four year olds	73,037	73,037	246,499	173,462
Basic school aid	9,296,956	9,296,956	8,327,013	(969,943)
Early reading intervention	53,687	53,687	51,353	(2,334)
English as a second language	82,363	82,363	58,248	(24,115)
Enrollment loss	5,338	5,338	150,200	144,862
Fringe benefits-Life-insurance	19,480	19,480	13,318	(6,162)
Fringe benefits-Retirement	677,901	677,901	496,576	(181,325)
Fringe benefits-Social security	525,957	525,957	513,700	(12,257)
GED Prep	7,859	7,859	7,859	-
Gifted and talented	87,660	87,660	85,617	(2,043)
Homebound education	24,940	24,940	22,633	(2,307)
Lottery payments	253,878	253,878	219,654	(34,224)
Mentor teacher program	2,671	2,671	6,272	3,601
Occupational vocational education tech	31,307	31,307	22,764	(8,543)
Preschool initiatives	234,975	234,975	227,295	(7,680)
Remedial education	274,667	274,667	268,265	(6,402)
Remedial summer education	147,131	147,131	131,177	(15,954)
Share of state sales tax	2,446,285	2,446,285	2,334,521	(111,764)
Special education	1,075,291	1,075,291	1,050,231	(25,060)
Special education - regional payments	40,764	40,764	-	(40,764)
Standards of Learning algebra readiness	40,582	40,582	35,813	(4,769)
Textbook payment	230,876	230,876	-	(230,876)
Vocational adult education	-	-	268	268
Vocational education - equipment	-	-	6,524	6,524
Vocational standards of quality payments	282,459	282,459	275,876	(6,583)
Other state funds	837,643	837,643	249,074	(588,569)
VPSA revenue technology education	232,000	232,000	232,000	-
Total categorical aid	<u>\$ 17,284,825</u>	<u>\$ 17,284,825</u>	<u>\$ 15,319,278</u>	<u>\$ (1,965,547)</u>
Total revenue from the Commonwealth	<u>\$ 17,284,825</u>	<u>\$ 17,284,825</u>	<u>\$ 15,319,278</u>	<u>\$ (1,965,547)</u>

County of Patrick, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ 56,997	\$ 56,997	\$ -	\$ (56,997)
Assessment funds	2,900	2,900	-	(2,900)
Drug free schools	17,373	17,373	12,110	(5,263)
GEAR-UP Grant	-	-	1,086	1,086
Educational technology	36,551	36,551	7,174	(29,377)
Educational technology - ARRA	-	-	18,163	18,163
Rural school program	18,309	18,309	-	(18,309)
School breakfast program	21,175	21,175	198,300	177,125
School lunch program	519,600	519,600	635,340	115,740
State fiscal stabilization funds	1,087,353	1,087,353	1,717,516	630,163
Title I	1,182,624	1,182,624	642,141	(540,483)
Title II, part A	153,224	153,224	153,238	14
Title IV-B-21	-	-	4,173	4,173
Title VI-B, special education flow-through	955,309	955,309	850,444	(104,865)
Title VI-B, special education flow-through - ARRA	-	-	99,907	99,907
Title VI-B, special education pre-school	-	-	12,499	12,499
Title VI-B, special education pre-school - ARRA	39,383	39,383	21,962	(17,421)
Vocational education	60,811	60,811	56,606	(4,205)
Total categorical aid	<u>\$ 4,151,609</u>	<u>\$ 4,151,609</u>	<u>\$ 4,430,659</u>	<u>\$ 279,050</u>
Total revenue from the federal government	<u>\$ 4,151,609</u>	<u>\$ 4,151,609</u>	<u>\$ 4,430,659</u>	<u>\$ 279,050</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 29,421,514</u>	<u>\$ 29,421,514</u>	<u>\$ 25,687,272</u>	<u>\$ (3,734,242)</u>

County of Patrick, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 118,558	\$ 141,589	\$ 129,197	\$ 12,392
General and financial administration:				
County administrator	\$ 297,787	\$ 307,425	\$ 302,297	\$ 5,128
Audit services	55,413	55,413	55,046	367
Legal services	38,800	42,289	39,286	3,003
Commissioner of revenue	251,317	278,185	257,241	20,944
DMV agent office	51,600	53,051	52,501	550
Treasurer	294,203	314,781	310,490	4,291
Tax mapping	46,281	46,924	46,766	158
Total general and financial administration	<u>\$ 1,035,401</u>	<u>\$ 1,098,068</u>	<u>\$ 1,063,627</u>	<u>\$ 34,441</u>
Board of elections:				
Electoral board and officials	\$ 35,550	\$ 35,550	\$ 23,269	\$ 12,281
Registrar	72,253	72,574	68,480	4,094
Total board of elections	<u>\$ 107,803</u>	<u>\$ 108,124</u>	<u>\$ 91,749</u>	<u>\$ 16,375</u>
Total general government administration	<u>\$ 1,261,762</u>	<u>\$ 1,347,781</u>	<u>\$ 1,284,573</u>	<u>\$ 63,208</u>
Judicial administration:				
Courts:				
Circuit court	\$ 47,404	\$ 78,133	\$ 61,939	\$ 16,194
General district court	5,450	8,825	7,989	836
Special magistrates	3,350	3,350	2,833	517
Juvenile and domestic relations court	8,464	8,464	7,605	859
Juvenile and domestic relations court services	6,320	15,636	11,931	3,705
Victim witness program	24,253	29,395	29,397	(2)
Clerk of the circuit court	299,098	318,497	288,738	29,759
Total courts	<u>\$ 394,339</u>	<u>\$ 462,300</u>	<u>\$ 410,432</u>	<u>\$ 51,868</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 298,052	\$ 303,385	\$ 297,449	\$ 5,936
Total judicial administration	<u>\$ 692,391</u>	<u>\$ 765,685</u>	<u>\$ 707,881</u>	<u>\$ 57,804</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,561,079	\$ 1,799,755	\$ 1,824,754	\$ (24,999)
Sheriff-school resource officer	297,321	297,321	277,364	19,957
Sheriff-courtroom security	37,678	44,451	32,022	12,429
Total law enforcement and traffic control	<u>\$ 1,896,078</u>	<u>\$ 2,141,527</u>	<u>\$ 2,134,140</u>	<u>\$ 7,387</u>
Fire and rescue services:				
Volunteer fire departments	\$ 393,633	\$ 394,327	\$ 369,393	\$ 24,934
Volunteer emergency operations	220,189	223,926	219,161	4,765
E-911 department	472,518	634,469	440,391	194,078
Total fire and rescue services	<u>\$ 1,086,340</u>	<u>\$ 1,252,722</u>	<u>\$ 1,028,945</u>	<u>\$ 223,777</u>

County of Patrick, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

Schedule 2  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
County operated institutions	\$ 934,767	\$ 1,000,497	\$ 1,031,808	\$ (31,311)
Institutional care	-	-	14,613	(14,613)
Total correction and detention	<u>\$ 934,767</u>	<u>\$ 1,000,497</u>	<u>\$ 1,046,421</u>	<u>\$ (45,924)</u>
Inspections:				
Building	\$ 139,202	\$ 138,869	\$ 127,745	\$ 11,124
Other protection:				
Animal control	\$ 111,858	\$ 113,744	\$ 101,914	\$ 11,830
Forestry services	-	-	16,125	(16,125)
Erosion and soil	15,181	15,579	34,278	(18,699)
Emergency services	95,947	169,544	115,279	54,265
Emergency management grants	10,000	116,155	108,434	7,721
Medical examiner	750	750	240	510
Total other protection	<u>\$ 233,736</u>	<u>\$ 415,772</u>	<u>\$ 376,270</u>	<u>\$ 39,502</u>
Total public safety	<u>\$ 4,290,123</u>	<u>\$ 4,949,387</u>	<u>\$ 4,713,521</u>	<u>\$ 235,866</u>
Public works:				
Sanitation and waste removal:				
Public service authority	\$ 25,000	\$ 25,000	\$ 16,459	\$ 8,541
Refuse collection and disposal	796,222	816,693	621,320	195,373
Recycling program	8,000	8,505	8,505	-
Total sanitation and waste removal	<u>\$ 829,222</u>	<u>\$ 850,198</u>	<u>\$ 646,284</u>	<u>\$ 203,914</u>
Maintenance of general buildings and grounds:				
General properties	\$ 498,994	\$ 551,358	\$ 546,028	\$ 5,330
Total public works	<u>\$ 1,328,216</u>	<u>\$ 1,401,556</u>	<u>\$ 1,192,312</u>	<u>\$ 209,244</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ -	\$ -	\$ 153,651	\$ (153,651)
Mental health and mental retardation:				
Mental health	\$ 26,000	\$ 36,461	\$ 19,843	\$ 16,618
Contribution to local community services board	-	-	44,435	(44,435)
Total mental health and mental retardation	<u>\$ 26,000</u>	<u>\$ 36,461</u>	<u>\$ 64,278</u>	<u>\$ (27,817)</u>
Welfare:				
Chapter X Board	\$ 65,837	\$ 65,798	\$ 55,820	\$ 9,978
Transportation for the elderly	2,481,278	2,492,431	1,562,393	930,038
Public assistance	275,786	275,786	209,165	66,621
Comprehensive services	-	-	-	-
Total welfare	<u>\$ 2,822,901</u>	<u>\$ 2,834,015</u>	<u>\$ 1,827,378</u>	<u>\$ 1,006,637</u>
Total health and welfare	<u>\$ 2,848,901</u>	<u>\$ 2,870,476</u>	<u>\$ 2,045,307</u>	<u>\$ 825,169</u>

County of Patrick, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Community College	\$ -	\$ -	\$ 15,786	\$ (15,786)
Contribution to County School Board	\$ 6,639,214	\$ 6,639,214	\$ 4,312,848	\$ 2,326,366
Total education	<u>\$ 6,639,214</u>	<u>\$ 6,639,214</u>	<u>\$ 4,328,634</u>	<u>\$ 2,310,580</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 179,230	\$ 186,279	\$ 184,496	\$ 1,783
DeHart park	\$ 27,522	\$ 26,579	\$ 23,213	\$ 3,366
Total parks and recreation	<u>\$ 206,752</u>	<u>\$ 212,858</u>	<u>\$ 207,709</u>	<u>\$ 5,149</u>
Library:				
Contribution to regional library	\$ -	\$ -	\$ 261,982	\$ (261,982)
Total parks, recreation, and cultural	<u>\$ 206,752</u>	<u>\$ 212,858</u>	<u>\$ 469,691</u>	<u>\$ (256,833)</u>
Community development:				
Planning and community development:				
Community development				-
Planning	\$ 15,443	\$ 16,043	\$ 69,745	\$ (53,702)
Tourism and economic development	\$ 168,155	\$ 365,571	\$ 379,153	\$ (13,582)
Total planning and community development	<u>\$ 183,598</u>	<u>\$ 381,614</u>	<u>\$ 448,898</u>	<u>\$ (67,284)</u>
Environmental management:				
Soil and water district	\$ 99,669	\$ 99,669	\$ 97,596	\$ 2,073
Cooperative extension program:				
Extension office	\$ 85,792	\$ 89,792	\$ 86,036	\$ 3,756
Total community development	<u>\$ 369,059</u>	<u>\$ 571,075</u>	<u>\$ 632,530</u>	<u>\$ (61,455)</u>
Capital projects:				
Other capital projects	\$ 14,000	\$ 698,291	\$ 424,283	\$ 274,008
Debt service:				
Principal retirement	\$ -	\$ 866,388	\$ 1,040,450	\$ (174,062)
Interest and other fiscal charges	\$ -	\$ 1,411,771	\$ 1,699,753	\$ (287,982)
Total debt service	<u>\$ -</u>	<u>\$ 2,278,159</u>	<u>\$ 2,740,203</u>	<u>\$ (462,044)</u>
Total General Fund	<u><u>\$ 17,650,418</u></u>	<u><u>\$ 21,734,482</u></u>	<u><u>\$ 18,538,935</u></u>	<u><u>\$ 3,195,547</u></u>

County of Patrick, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

Schedule 2  
 Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Nonmajor Special Revenue funds:</b>				
<b>Asset Forfeiture Fund:</b>				
Public safety:				
Sheriff	\$ -	\$ -	\$ 24,233	\$ (24,233)
Sheriff	\$ -	\$ -	\$ 24,233	\$ (24,233)
Total public safety	\$ -	\$ -	\$ 24,233	\$ (24,233)
Total Asset Forfeiture fund	\$ -	\$ -	\$ 24,233	\$ (24,233)
<b>Capital Projects Funds:</b>				
<b>School Construction Fund:</b>				
Education:				
Operating				
Facilities	\$ -	\$ -	\$ 15,256,630	\$ (15,256,630)
Total School Construction Fund	\$ -	\$ -	\$ 15,256,630	\$ (15,256,630)
<b>Jail Construction Fund:</b>				
Public Safety:				
Capital projects expenditures:				
Jail construction	\$ -	\$ -	\$ 4,919,746	\$ (4,919,746)
Total Primary Government	\$ 17,650,418	\$ 21,734,482	\$ 38,739,544	\$ (17,005,062)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Fund:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health services	\$ 1,051,636	\$ 1,051,636	\$ 1,045,453	\$ 6,183
Instruction costs:				
Instructional costs	\$ 18,256,233	\$ 18,256,233	\$ 16,998,382	\$ 1,257,851
Technology	\$ 1,521,228	\$ 1,521,228	\$ 1,706,243	\$ (185,015)
Total instruction costs	\$ 19,777,461	\$ 19,777,461	\$ 18,704,625	\$ 1,072,836
Operating costs:				
Pupil transportation	\$ 2,102,026	\$ 2,102,026	\$ 2,049,672	\$ 52,354
Operation and maintenance of school plant	\$ 2,157,475	\$ 2,157,475	\$ 1,902,815	\$ 254,660
Food service and non-instructional	\$ 1,482,790	\$ 1,482,790	\$ 1,413,928	\$ 68,862
Facilities	\$ 958,461	\$ 958,461	\$ 584,602	\$ 373,859
Total operating costs	\$ 6,700,752	\$ 6,700,752	\$ 5,951,017	\$ 749,735
Total Discretely Presented Component Unit - School Board	\$ 27,529,849	\$ 27,529,849	\$ 25,701,095	\$ 1,828,754

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**OTHER STATISTICAL INFORMATION**

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2002-03	\$ 1,082,130	\$ 372,287	\$ 2,922,866	\$ 810,973	\$ 1,893,928	\$ 4,826,712	\$ 469,366	\$ 1,113,809	\$ 173,819	\$ 13,665,890
2003-04	941,615	408,734	2,942,618	978,486	2,078,590	5,053,352	470,946	611,415	195,215	13,680,971
2004-05	1,034,302	433,282	3,105,626	1,008,674	1,994,262	4,753,131	382,857	459,779	252,716	13,424,629
2005-06	1,132,221	583,420	3,425,684	1,045,831	2,151,065	6,080,413	478,207	1,015,252	280,402	16,192,495
2006-07	1,225,705	642,820	3,532,711	1,055,030	2,326,628	5,312,382	464,502	828,665	308,986	15,695,429
2007-08	1,222,345	709,671	4,215,735	954,762	2,068,880	4,285,042	473,847	711,153	294,660	14,936,095
2008-09	1,584,552	691,303	4,319,757	1,107,198	2,082,146	5,180,863	468,144	1,095,023	1,624,607	18,153,593
2009-10	1,077,862	695,860	4,511,176	1,201,585	2,139,605	4,305,245	469,560	629,129	1,655,271	16,675,293

(1) Information has only been available for 8 years.

Table 2

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

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

(1) Information has only been available for 8 years.

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

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Debt Service (3)	Total
2000-01	\$ 882,192	\$ 362,692	\$ 2,848,386	\$ 796,043	\$ 1,956,812	\$ 18,002,984	\$ 473,425	\$ 793,344	\$ 1,338,864	\$ 322,327	\$ 27,777,069
2001-02	1,031,577	378,879	3,067,300	859,602	2,216,699	17,847,558	477,483	584,911	1,805,582	1,227,573	29,497,164
2002-03	1,036,250	367,715	3,014,272	861,827	2,144,171	18,765,470	480,657	1,175,029	-	989,665	28,835,056
2003-04	1,173,096	402,020	2,973,490	1,111,459	2,258,159	19,604,713	485,853	660,934	-	394,361	29,064,085
2004-05	945,969	433,240	3,353,888	1,004,096	2,058,384	21,562,137	405,433	762,446	-	2,738,804	33,264,396
2005-06	1,117,000	589,718	3,539,192	1,020,221	2,182,571	22,784,593	473,507	1,018,687	12,659	2,948,381	35,656,529
2006-07	1,320,707	641,713	3,698,404	1,038,084	2,140,510	24,694,955	463,105	819,484	88,339	702,909	35,608,250
2007-08	1,389,768	707,194	4,315,273	1,108,816	2,116,840	25,187,115	479,063	738,191	190,213	695,101	36,937,574
2008-09	1,651,467	684,346	4,264,669	1,097,246	2,112,049	26,238,244	467,347	1,100,351	371,799	3,199,611	41,187,129
2009-10	1,284,573	707,881	4,714,035	1,192,312	2,045,307	25,716,881	469,691	632,530	424,283	2,740,203	39,927,696

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

Excludes Capital Projects funds.

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

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

Table 4

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

Fiscal Year	General Property Taxes	Revenue						Recovered Costs	Inter-governmental (2)	Total
		Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous			
2000-01	6,029,187	2,135,858	42,433	14,935	221,159	869,139	277,874	316,233	17,061,964	26,968,782
2001-02	6,006,346	2,094,479	55,301	22,677	79,463	800,792	383,027	623,464	17,604,183	27,669,732
2002-03	6,075,872	2,094,412	43,529	17,378	66,979	789,446	513,606	59,563	18,051,972	28,244,757
2003-04	6,652,753	2,127,021	102,356	15,234	48,402	783,516	541,211	598,154	18,231,814	29,100,461
2004-05	6,720,372	2,239,910	105,549	13,105	99,633	771,702	792,287	678,886	20,698,988	32,060,432
2005-06	6,846,590	2,333,206	121,550	16,136	208,561	820,916	726,079	223,159	20,745,817	32,042,014
2006-07	7,447,603	2,547,851	144,680	16,744	288,667	926,167	1,736,700	227,824	23,416,171	36,752,407
2007-08	7,813,330	2,567,256	157,188	10,023	269,548	893,715	1,225,706	455,146	24,303,721	37,699,633
2008-09	8,352,446	2,447,820	79,547	21,077	139,685	891,725	1,518,793	386,563	25,302,825	39,140,481
2009-10	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

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

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
2000-01	6,411,208	6,226,348	97.12%	130,553	6,356,901	99.15%	377,465	5.89%
2001-02	6,702,609	6,444,776	96.15%	182,857	6,627,633	98.88%	417,761	6.23%
2002-03	6,767,654	6,503,987	96.10%	151,298	6,655,285	98.34%	496,732	7.34%
2003-04	7,182,806	6,955,175	96.83%	248,288	7,203,463	100.29%	501,011	6.98%
2004-05	7,223,055	7,008,651	97.03%	213,557	7,222,208	99.99%	429,200	5.94%
2005-06	7,417,423	7,210,535	97.21%	188,151	7,398,686	99.75%	310,305	4.18%
2006-07	8,044,859	7,946,376	98.78%	104,898	8,051,274	100.08%	331,814	4.12%
2007-08	8,458,012	8,268,406	97.76%	111,581	8,379,987	99.08%	450,970	5.33%
2008-09	8,982,398	8,680,030	96.63%	226,047	8,906,077	99.15%	442,164	4.92%
2009-10	14,853,858	14,781,753	99.51%	252,948	15,034,701	101.22%	537,781	3.62%

(1) Exclusive of penalties and interest.

(2) Exclusive of land redemptions.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2)	
				Real Estate and Personal Property	Total
2000-01	656,503,298	140,098,320	46,730,155	38,065,584	881,397,357
2001-02	668,711,988	148,818,713	53,990,174	37,055,605	908,606,480
2002-03	683,120,647	149,261,751	51,820,931	35,788,793	919,982,122
2003-04	903,943,352	143,224,423	37,073,694	45,971,626	1,130,213,095
2004-05	913,335,888	139,623,061	38,362,945	51,732,483	1,143,054,377
2005-06	931,347,500	149,112,253	36,646,614	50,005,093	1,167,111,460
2006-07	955,586,500	152,468,400	34,893,928	48,468,115	1,191,416,943
2007-08	975,752,332	157,084,700	36,477,566	41,899,151	1,211,213,749
2008-09	997,044,265	164,010,669	39,389,750	41,780,249	1,242,224,933
2009-10	976,544,700	157,006,090	35,528,475	41,899,151	1,210,978,416

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

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

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
2000-01	0.58	1.36	1.36	0.58
2001-02	0.58	1.36	1.36	0.58
2002-03	0.58	1.36	1.36	0.58
2003-04	0.50	1.46	1.36	0.50
2004-05	0.50	1.46	1.36	0.50
2005-06	0.50	1.46	1.36	0.50
2006-07	0.50	1.71	1.71	0.50
2007-08	0.53	1.71	1.71	0.53
2008-09	0.55	1.71	1.71	0.55
2009-10	0.53	1.71	1.71	0.53

(1) Per \$100 of assessed value.

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 and Net Bonded Debt (3)			Gross and Net Bonded Debt to Assessed Value	Ratio of Net Bonded Debt per Capita
			Bonded Debt (3)	Bonded Debt (3)	Bonded Debt (3)		
2000-01	19,407	\$ 881,397	\$ 3,420,391	\$ 3,420,391	\$ 3,420,391	0.39%	176
2001-02	19,407	908,606	5,178,106	5,178,106	5,178,106	0.57%	267
2002-03	19,407	919,992	4,835,185	4,835,185	4,835,185	0.53%	249
2003-04	19,407	1,130,213	6,855,888	6,855,888	6,855,888	0.61%	353
2004-05	19,407	1,143,054	6,842,943	6,842,943	6,842,943	0.60%	353
2005-06	19,407	1,167,111	7,486,891	7,486,891	7,486,891	0.64%	386
2006-07	19,407	1,191,417	7,124,029	7,124,029	7,124,029	0.60%	367
2007-08	19,407	1,211,214	6,756,122	6,756,122	6,756,122	0.56%	348
2008-09	19,407	1,242,225	31,307,832	31,307,832	31,307,832	2.52%	1,613
2009-10	19,407	1,210,978	36,706,993	36,706,993	36,706,993	3.03%	1,891

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of
					Debt Service to General Governmental Expenditures
2000-01	\$ 180,322	\$ 142,005	\$ 322,327	\$ 27,777,069	1.16%
2001-02	1,081,285	146,288	1,227,573	29,497,164	4.16%
2002-03	811,975	177,690	989,665	28,835,056	3.43%
2003-04	207,814	186,547	394,361	29,064,085	1.36%
2004-05 (2)	2,453,126	285,678	2,738,804	33,264,396	8.23%
2005-06 (3)	2,662,710	285,671	2,948,381	35,656,529	8.27%
2006-07	382,157	320,752	702,909	35,608,250	1.97%
2007-08	389,871	305,230	695,101	36,937,574	1.88%
2008-09 (4)	2,096,638	1,102,973	3,199,611	41,187,129	7.77%
2009-10	895,839	1,530,898	2,426,737	39,927,696	6.08%

(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.

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**COMPLIANCE SECTION**

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units and each major fund and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Patrick, Virginia's basic financial statements and have issued our report thereon dated December 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Patrick, Virginia in a separate letter dated December 10, 2010.

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

*Robinson, Farmer, Cox Associates*

Christiansburg, Virginia  
December 10, 2010

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited the County of Patrick, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County of Patrick, Virginia's major federal programs for the year ended June 30, 2010. The County of Patrick, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Patrick, Virginia's management. Our responsibility is to express an opinion on the County of Patrick, Virginia's compliance based on our audit.

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

In our opinion, the County of Patrick, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

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

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

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

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

*Robinson, Farmer, Cox Associates*

Christiansburg, Virginia  
December 10, 2010

**County of Patrick, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

<b>Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>Department of Health and Human Services:</b>			
Pass Through Payments:			
Department of Social Services:			
Child Care and Development Fund Cluster:			
Child Care Cluster-Child Care and Development Block Grant	93.575	90544, 90545	\$ 57,228
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	54,595
Promoting Safe and Stable Families	93.556	90249, 90360	15,614
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	212,572
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	397
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	9,106
Child Welfare Services - State Grants	93.645	90251	659
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	54,764
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	10,167
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	92,064
Chafee Foster Care Independence Program	93.674	90254	2,333
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	7,583
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	101,822
Chafee Education and Training Vouchers Program	93.599	90353	<u>5,191</u>
<b>Total Department of Health and Human Services</b>			<u>\$ 624,095</u>
<b>Department of Agriculture:</b>			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster-Food Distribution (Note 2)	10.555	40623	\$ 71,252
<b>Department of Education:</b>			
Child Nutrition Cluster:			
National school breakfast program	10.553		198,300
National school lunch program	10.555	40623	564,088
<b>Department of Social Services:</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	164,294
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>9,685</u>
<b>Total Department of Agriculture</b>			<u>\$ 1,007,619</u>
<b>Department of Justice:</b>			
Direct payments:			
Crime Victims Assistance	16.575	09VAGX0007	\$ 3,592
Pass Through Payments:			
Virginia Compensation Board:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803		\$ 71,365
<b>Total Department of Justice</b>			<u>\$ 74,957</u>

**County of Patrick, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2010**

<b>Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Interior Bureau of Land Management:			
Direct payments:			
Payment in Lieu of Taxes	15.226	Not applicable	<u>\$ 18,914</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grant	97.042	52749	<u>\$ 54,750</u>
Total Department of Homeland Security			<u>\$ 54,750</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC-2010 50357 3977	<u>\$ 28,590</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	84.027	43071	<u>\$ 850,444</u>
ARRA - Special Education-Grants to States	84.391	61245	<u>99,907</u>
Special Education-Preschool Grants	84.173	62521	<u>12,499</u>
ARRA - Special Education-Preschool Grants	84.392	62521	<u>21,962</u>
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	61600	<u>7,174</u>
ARRA - Education Technology State Grants	84.386	60897	<u>18,163</u>
Title I: Grants to local educational agencies	84.010	42892, 42901	<u>642,141</u>
Career and Technical Education: Basic grants to states	84.048	61095	<u>56,606</u>
Safe and Drug Free Schools and Communities-State Grants	84.186	65011	<u>12,110</u>
Twenty-First Century Community Learning Centers	84.287	60565	<u>4,173</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		<u>1,086</u>
Improving Teacher Quality-State Grants	84.367	61480	<u>153,238</u>
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532	<u>1,717,516</u>
Total Department of Education			<u>\$ 3,597,019</u>
Total Expenditures of Federal Awards			<u>\$ 5,405,944</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Patrick, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Patrick, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Patrick, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Patrick, Virginia.

**Note 2 – Summary of Significant Accounting Policies**

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

**Note 3 – Food Donation**

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2010, the County had no food commodities in inventory.

**Note 4 – Relationship to the Financial Statements:**

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	<u>\$ 975,285</u>
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Component Unit Schools:

School Operating Fund	<u>\$ 4,430,659</u>
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Total federal expenditures per basic financial statements

	<u>\$ 5,405,944</u>
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COUNTY OF PATRICK, VIRGINIA

Schedule of Findings, Responses and Questioned Costs  
Year Ended June 30, 2010

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	
84.391/84.392	Special Education Cluster (IDEA)
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants

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, Responses and Questioned Costs  
Year Ended June 30, 2010

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**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Status of Prior Audit Findings and Questioned Costs**

There were no prior audit findings related to federal awards.