

COUNTY OF PATRICK, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | <u>Page</u> |
|---|-------------|
| List of Elected and Appointed Officials | 1 |

FINANCIAL SECTION

| | <u>Page</u> |
|--------------------------------------|-------------|
| Independent Auditors' Report | 2-5 |
| Management's Discussion and Analysis | 6-13 |

| | <u>Exhibit</u> | <u>Page</u> |
|--|----------------|-------------|
| Basic Financial Statements: | | |
| Government-wide Financial Statements: | | |
| Statement of Net Position | 1 | 14 |
| Statement of Activities | 2 | 15 |
| Fund Financial Statements: | | |
| Balance Sheet - Governmental Funds | 3 | 16 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position | 4 | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 5 | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 6 | 19 |
| Statement of Net Position - Proprietary Funds | 7 | 20 |
| Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds | 8 | 21 |
| Statement of Cash Flows - Proprietary Funds | 9 | 22 |
| Statement of Fiduciary Net Position - Fiduciary Funds | 10 | 23 |
| Statement of Changes in Fiduciary Net Position | 11 | 24 |
| Notes to Financial Statements | | 25-101 |

Required Supplementary Information:

| | | |
|---|----|-----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: | | |
| General Fund | 12 | 102 |
| Schedule of Changes in Net Pension Liability and Related Ratios: | | |
| Primary Government | 13 | 103 |
| Component Unit - School Board (nonprofessional) | 14 | 104 |
| Schedule of Employer's Share of Net Pension Liability - VRS Teacher Retirement Plan | 15 | 105 |
| Schedule of Employer Contributions - Pension Plans | 16 | 106 |
| Notes to Required Supplementary Information - Pension Plans | 17 | 107 |
| Schedule of Changes in Total OPEB Liability and Related Ratios: | | |
| Primary Government - Health Insurance | 18 | 108 |
| Component Unit - School Board - Health Insurance | 19 | 109 |
| Notes to Required Supplementary Information - Health Insurance | 20 | 110 |
| Schedule of Employers' Share of the Net OPEB Liability: | | |
| Primary Government - Group Life Insurance (GLI) Plan | 21 | 111 |
| Component Unit - School Board (nonprofessional) - Group Life Insurance (GLI) Plan | 22 | 112 |
| Component Unit - School Board (professional) - Group Life Insurance (GLI) Plan | 23 | 113 |
| Schedule of Employer Contributions - Group Life Insurance (GLI) Plan | 24 | 114 |
| Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan | 25 | 115 |
| Schedule of Changes in the Net OPEB Liability and Ratios: | | |
| Primary Government - Health Insurance Credit (HIC) Plan | 26 | 116 |
| Component Unit - School Board - Health Insurance Credit (HIC) Plan | 27 | 117 |
| Schedule of Employer Contributions - Health Insurance Credit (HIC) Plan | 28 | 118 |
| Notes to Required Supplementary Information - Health Insurance Credit (HIC) Plan | 29 | 119 |
| Schedule of School Board's Share of the Net OPEB Liability: | | |
| Teacher Employee Health Insurance Credit (HIC) Plan | 30 | 120 |
| Schedule of Employer Contributions - Teacher Employee Health Insurance Credit (HIC) Plan | 31 | 121 |
| Notes to Required Supplementary Information - Teacher Employee Health Insurance Credit (HIC) Plan | 32 | 122 |

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS (continued)

FINANCIAL SECTION (continued)

| | | |
|--|----------------------------|------------------------|
| Other Supplementary Information: | <u>Exhibit</u> | <u>Page</u> |
| Combining and Individual Fund Financial Statements and Schedules: | | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: | | |
| Nonmajor Special Revenue Fund | 33 | 123 |
| Combining Statement of Fiduciary Net Position - Fiduciary Funds | 34 | 124 |
| Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds | 35 | 125 |
| Discretely Presented Component Unit - School Board: | | |
| Balance Sheet | 36 | 126 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 37 | 127 |
| Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual | 38 | 128 |
| Supporting Schedules: | <u>Schedule</u> | <u>Page</u> |
| Schedule of Revenues - Budget and Actual - Governmental Funds | 1 | 129-133 |
| Schedule of Expenditures - Budget and Actual - Governmental Funds | 2 | 134-137 |
| Other Statistical Information: | <u>Table</u> | <u>Page</u> |
| Government-wide Information: | | |
| Government-wide Expenses by Function | 1 | 138 |
| Government-wide Revenues | 2 | 139 |
| Fund Information: | | |
| General Governmental Expenditures by Function | 3 | 140 |
| General Governmental Revenues by Source | 4 | 141 |
| Property Tax Levies and Collections | 5 | 142 |
| Assessed Value of Taxable Property | 6 | 143 |
| Property Tax Rates | 7 | 144 |
| Ratios of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita | 8 | 145 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures | 9 | 146 |

COMPLIANCE SECTION

| | |
|---|--------------------|
| | <u>Page</u> |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 147-148 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance | 149-151 |
| Schedule of Expenditures of Federal Awards | 152-153 |
| Schedule of Findings and Questioned Costs | 154-56 |
| Summary Schedule of Prior Audit Findings | 157 |

INTRODUCTORY SECTION

COUNTY OF PATRICK, VIRGINIA

BOARD OF SUPERVISORS

| | | |
|--|---------------------------|---------------|
| Denise Stirewalt, Vice-chair Doug Perry | Brandon J. Simmons, Chair | Clyde DeLoach |
|--|---------------------------|---------------|

COUNTY SCHOOL BOARD

| | | |
|--|------------------------|------------------------------|
| Robert “Rob” Martin, Vice-chair Shannon Harrell | Walter L. Scott, Chair | Lester Harrell Amy Walker |
|--|------------------------|------------------------------|

SOCIAL SERVICES BOARD

| | | |
|--|-----------------------|------------------------------------|
| Billie Sue Morrison, Vice-chair Clyde DeLoach | Judy Biedrycki, Chair | Rebekah Williams Chris Caviness |
|--|-----------------------|------------------------------------|

OTHER OFFICIALS

| | |
|-----------------------------------|------------------|
| Clerk of the Circuit Court | Morgan Boothe |
| Commonwealth's Attorney..... | Dayna K. Bobbitt |
| Commissioner of the Revenue | Glennda Morse |
| Treasurer | Sandra K. Stone |
| Sheriff..... | Dan Smith |
| Superintendent of Schools..... | Jason A. Wood |
| Director of Social Services..... | Carol Craig |
| County Administrator..... | Elizabeth Simms |
| County Attorney..... | Jim Guynn |

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2024, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Authority/Board/Commission Name, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Patrick, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Patrick, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Patrick, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Patrick, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025, on our consideration of County of Patrick, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of County of Patrick, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Patrick, Virginia's internal control over financial reporting and compliance.



Blacksburg, Virginia
February 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Patrick County, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements that follow.

Financial Highlights

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,922,518 (net position). Of this amount, \$13,469,493 was considered unrestricted.
- The assets and deferred outflows of resources of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,771,239 (net position). Of this amount, \$218,978 was considered unrestricted.
- The assets and deferred outflows of resources of the School Board component unit exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,548,310 (net position).
- The assets of the EDA component unit exceeded its liabilities at the close of the fiscal year by \$3,117,814 (net position). Of this amount, \$1,420,334 was considered unrestricted.
- As of the close of the current fiscal year, the County reported combined ending fund balances of \$18,207,276. This is \$291,924 more than the prior fiscal year total fund balances. Of the current fiscal year fund balances, \$15,542,849 is considered unassigned, \$13,600 is considered non-spendable prepaid items, \$1,567,108 is considered restricted, and \$1,803,719 is considered assigned to specific funds.

When compared to the prior fiscal year, unassigned balances increased by \$1,267,969, non-spendable prepaid items increased by \$3,574, restricted balances decreased \$1,154,844, and assigned fund balances increased by \$175,498. The increase in unassigned fund balances was mostly due to increases in collections of real and personal property taxes, sales & use taxes, and motor vehicle license fees, which were waived in FY2023. Personal property taxes saw an increase in assessed value as of January 1, 2024, due to the addition on construction related vehicles and equipment, significantly contributing to this increase in tax revenue.

The decrease in the restricted fund balance is mainly attributable to the spending of construction funding received by the school system.

As of June 30, 2024, there is a liability for unearned revenue of \$1,184,648 from American Rescue Plan (ARPA) Act of 2021 related grants. This amount is considered a liability since it will need to be returned to the Department of the Treasury if not spent on items allowed under the Coronavirus State and Local Fiscal Recovery Fund program.

- During the year, the County's governmental fund revenues exceeded expenditures by \$30,846. This is the fifth year in a row Patrick County has seen a revenue surplus, continuing to grow reserves thereby helping to mitigate current and future risks, such as revenue shortfalls and unanticipated expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements

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

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

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

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

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

The Statement of Activities (Exhibit 2) presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-wide Financial Statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Patrick County's governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation. Public utilities consisting of water and sewer services are the county's only business-type activity.

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Patrick, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the funds of the County can be classified as one of three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the Governmental Fund Balance Sheet (Exhibit 3) and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 5) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget (Exhibit 12).

Proprietary Funds - The County maintains two proprietary funds: The PSA Water Fund and the PSA Sewer Fund.

The PSA Water Fund and the PSA Sewer Fund account for activities similar to those found in the private sector. In fiscal year 2013, the PSA Fund revenue consisted of water service only. In fiscal year 2014, Patrick County completed the sewer line construction and began providing this service, thereby increasing its customer base and revenues. In fiscal year 2015, the PSA Fund was separated into the PSA Water Fund and the PSA Sewer Fund to designate revenues and expenditures to each of the separate services.

Fiduciary funds - Patrick County is the trustee, or fiduciary, for the County's agency funds and expendable trust funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position (Exhibit 10). The County excludes these activities from the Government-wide Financial Statements because the County cannot use these assets to finance its operations. The county has three fiduciary funds: Special Welfare, Dehart Cemetery, and Jail Inmate Fund.

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

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

Notes to the statements also provide detailed information for post-employment benefits. These include the Line of Duty Act (Note 9), Health Insurance for both County and School Board employees (Note 10 and 11), Group Life Insurance (Note 12), and the Health Insurance Credit for both County employees and Teachers (Note 13 and 14). Note 15 provides an overall summary of the postemployment benefits for both the Primary Government and School Board.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows by \$25,693,757 at the close of the fiscal year 2024. The Component Units (School & EDA) also closed the year with a surplus of \$4,666,124.

The largest component of the net position is unrestricted in the amount of \$13,688,471, or 53.3% of the Primary Government's total net position. This may be used to meet the County's ongoing obligations to citizens and creditors.

The second largest portion of the County's net position, \$9,910,945, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and construction in progress), less any outstanding debt related to the acquisition of those assets. These capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Statement of Net Position as presented in the government-wide financial statement (Exhibit 1) for 2024 and 2023:

| | Primary Government | | Component Units (School & EDA) | |
|----------------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Current assets | \$ 29,403,255 | \$ 28,574,004 | \$ 5,359,482 | \$ 5,934,641 |
| Capital assets | 38,099,566 | 39,591,764 | 22,493,677 | 19,119,529 |
| Total assets | <u>\$ 67,502,821</u> | <u>\$ 68,165,768</u> | <u>\$ 27,853,159</u> | <u>\$ 25,054,170</u> |
| Deferred outflows of resources | <u>\$ 3,351,535</u> | <u>\$ 3,742,234</u> | <u>\$ 6,718,344</u> | <u>\$ 5,682,972</u> |
| Current liabilities | \$ 3,635,218 | \$ 3,737,897 | \$ 3,932,986 | \$ 3,354,918 |
| Long-term liabilities | 33,952,846 | 35,988,322 | 22,345,846 | 21,002,606 |
| Total liabilities | <u>\$ 37,588,064</u> | <u>\$ 39,726,219</u> | <u>\$ 26,278,832</u> | <u>\$ 24,357,524</u> |
| Deferred inflows of resources | <u>\$ 7,572,535</u> | <u>\$ 7,855,842</u> | <u>\$ 3,624,269</u> | <u>\$ 5,631,545</u> |
| Net position | | | | |
| Net investment in capital assets | | | | |
| Restricted | \$ 9,910,945 | \$ 10,056,717 | \$ 21,483,735 | \$ 19,065,916 |
| Unrestricted | 2,094,341 | 3,012,044 | 763,641 | 860,943 |
| Total net position | <u>13,688,471</u> | <u>11,257,180</u> | <u>(17,581,252)</u> | <u>(19,178,786)</u> |
| | <u><u>\$ 25,693,757</u></u> | <u><u>\$ 24,325,941</u></u> | <u><u>\$ 4,666,124</u></u> | <u><u>\$ 748,073</u></u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table summarizes the Statement of Activities as presented in the government-wide financial statement (Exhibit 2) for 2024 and 2023:

| Statement of Activities: | Primary Government | | Component Units (School & EDA) | |
|--|----------------------|----------------------|--------------------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Program revenues | | | | |
| Charges for services | \$ 1,182,135 | \$ 952,008 | \$ 966,931 | \$ 100,762 |
| Operating grants and contributions | 9,683,984 | 8,214,357 | 28,442,463 | 30,721,268 |
| Capital grants and contributions | 769,341 | 462,790 | 311,970 | 2,084,230 |
| General revenues | | | | |
| Property taxes | 16,953,757 | 16,375,281 | - | - |
| Other taxes | 5,707,064 | 5,266,173 | - | - |
| Revenue from use of money | 784,771 | 478,562 | 46,728 | 23,166 |
| Miscellaneous | 760,406 | 410,825 | 526,469 | 1,413,695 |
| Grants and contributions not restricted to specific programs | 1,249,111 | 1,174,642 | - | - |
| Contributions from Patrick County | - | - | 10,950,850 | 8,400,784 |
| Total revenues | <u>\$ 37,090,569</u> | <u>\$ 33,334,638</u> | <u>\$ 41,245,411</u> | <u>\$ 42,743,905</u> |
| Expenses | | | | |
| General government | \$ 1,633,951 | \$ 1,545,777 | \$ - | \$ - |
| Judicial administration | 1,368,284 | 1,368,795 | - | - |
| Public safety | 9,517,108 | 9,010,642 | - | - |
| PSA | 237,731 | 227,259 | - | - |
| Public works | 2,164,574 | 2,190,557 | - | - |
| Health and welfare | 6,620,692 | 4,455,898 | - | - |
| Education | 10,838,204 | 8,168,676 | 37,051,400 | 35,873,367 |
| Parks, recreation and cultural | 637,811 | 671,233 | - | - |
| Community development | 1,527,465 | 1,260,272 | 275,960 | 124,961 |
| Interest on long-term debt | 1,176,933 | 1,212,851 | - | - |
| Total expenses | <u>\$ 35,722,753</u> | <u>\$ 30,111,960</u> | <u>\$ 37,327,360</u> | <u>\$ 35,998,328</u> |
| Change in net position | <u>\$ 1,367,816</u> | <u>\$ 3,222,678</u> | <u>\$ 3,918,051</u> | <u>\$ 6,745,577</u> |

The statement of activities illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations.

Financial Analysis of the County's Funds

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds (which consists of the General Fund and the Nonmajor Asset Forfeiture Fund) reported combined ending fund balances of \$18,207,276. Of this total, a negligible \$13,600, constitutes non-spendable amounts for prepaid items, 8.61% of the total amount, \$1,567,108, constitutes restricted fund balance, and 5.95% of the total amount, \$1,083,719, constitutes assigned fund balance. Both restricted and assigned fund

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

balances are available only for specific purposes as directed by external parties such as grantors, laws or legislation. The remaining balance, \$15,542,849, or 85.3%, is unassigned, meaning there are no restrictions placed on the funds.

The General Fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$18,018,634. Of this amount, \$15,542,849 was considered unassigned.

Total governmental fund revenues for the fiscal year ended June 30, 2024, increased \$3,619,205 and expenditures increased \$5,970,917 over fiscal year ended June 30, 2023.

The following table summarizes the County's governmental funds revenues for 2024 and 2023.

| | 2024 | 2023 |
|----------------------------------|---------------|---------------|
| General Fund: | | |
| From local sources: | | |
| General property taxes | \$ 16,840,275 | \$ 16,348,016 |
| Other local taxes | 5,707,064 | 5,266,173 |
| Permits, fees & licenses | 99,655 | 119,548 |
| Court fines & forfeitures | 19,411 | 21,981 |
| Use of money & property | 793,055 | 489,440 |
| Charges for services | 880,470 | 697,792 |
| Miscellaneous | 523,265 | 492,504 |
| Recovered costs | 1,590,610 | 1,275,644 |
| Total revenue from local sources | 26,453,805 | 24,711,098 |
| From the Commonwealth: | | |
| Noncategorical aid | 1,103,208 | 1,071,603 |
| Shared expenses | 4,045,548 | 3,471,957 |
| State welfare funds | 854,311 | 829,295 |
| Children's services | 2,089,403 | 1,052,087 |
| Grants | 500,162 | 564,066 |
| Total from the Commonwealth | 8,592,632 | 6,989,008 |
| From the Federal Government: | | |
| Noncategorical aid | 145,903 | 103,039 |
| Federal welfare funds | 1,710,963 | 1,503,758 |
| Grants | 1,246,671 | 1,223,866 |
| Total from the Federal Gov't | 3,103,537 | 2,830,663 |
| Asset Forfeiture Fund: | 8,975 | 32,232 |
| Total governmental fund revenues | \$ 38,158,949 | \$ 34,563,001 |

The most significant expenditure increase was spent on Education, Health & Welfare, and Public Safety.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table summarizes the County's governmental funds expenditures for 2024 and 2023.

| Expenditures: | Governmental Funds | |
|--------------------------------------|--------------------|---------------|
| | 2024 | 2023 |
| General Fund: | | |
| Board of supervisors | \$ 116,847 | \$ 106,051 |
| General & financial administration | 1,739,209 | 1,661,848 |
| Board of elections | 240,148 | 232,403 |
| Courts | 772,561 | 859,390 |
| Commonwealth Attorney | 664,517 | 555,947 |
| Law enforcement & traffic control | 5,091,649 | 4,242,801 |
| Fire & rescue services | 2,141,746 | 2,367,499 |
| Correction & detention | 3,030,785 | 2,642,332 |
| Building inspections | 130,893 | 225,464 |
| Other public safety | 438,519 | 455,797 |
| Sanitation & waste removal | 893,751 | 832,897 |
| Maintenance of buildings and grounds | 1,056,454 | 1,133,244 |
| Health & welfare | 6,764,891 | 4,562,988 |
| Education | 9,595,819 | 7,331,168 |
| Parks, recreation & cultural | 643,963 | 643,037 |
| Community development | 1,640,545 | 1,390,238 |
| Accrued leave balances | - | - |
| Capital projects | 374,688 | 152,415 |
| Debt service | 2,789,776 | 2,740,109 |
| Asset Forfeiture Fund | 1,342 | 21,558 |
| Total Expenditures | \$ 38,128,103 | \$ 32,157,186 |

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. Schedule 1 and Schedule 2 provide the details of any differences.

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental funds as of June 30, 2024, amounts to \$34,547,305 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for business-type activities amounts to \$3,552,261 (net of accumulated depreciation). Capital asset activity for the school board component as of June 30, 2024, amounts to \$19,819,397 (net of accumulated depreciation). The most significant improvements of FY2024 Patrick County High School locker room renovations, tennis courts, football field/track lighting and administration building renovations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Additional information on the County of Patrick's capital assets can be found in Note 16 of this report.

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

| | |
|--------------------------|----------------------|
| Governmental Activities: | |
| General Obligation Bonds | \$ 18,055,290 |
| Lease Revenue Bonds | 9,785,000 |
| Bond Premiums | 1,079,690 |
| Literary Loans | 375,000 |
| Lease liabilities | 420,260 |
| Compensated Absences | 834,278 |
| Net Pension Liability | 2,411,512 |
| Net OPEB Liabilities | 991,816 |
| Total | <u>\$ 33,952,846</u> |

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

Long-Term Obligations - Component Unit-School Board

| | |
|-----------------------|----------------------|
| Lease liabilities | \$ 33,142 |
| Compensated absences | 439,510 |
| Net pension liability | 15,120,663 |
| Net OPEB liabilities | 7,102,931 |
| Total | <u>\$ 22,696,246</u> |

Additional information on the long-term obligations for the School Board Component Unit can be found in Note 7 of this report.

Economic Factors

The June 2024 unemployment rate for the County of Patrick, Virginia was 3.7%, which is an increase of .1% from the June 2023 rate.

The latest estimate by the University of Virginia Weldon Cooper Center for Public Service is a population of 16,9851 dated July 1, 2024, reflects a decrease of 3.5% from the 2020 U.S. Census.

Finally, according to a Bureau of Labor Statistics report, over the 12 months ended June 2023, the Consumer Price Index increased 3.8 percent.

Request for Information

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

Basic Financial Statements

County of Patrick, Virginia
Statement of Net Position
June 30, 2024

June 30, 2024

| | Primary Government | | | Component | Component |
|---|--------------------|---------------|---------------|---------------|--------------|
| | Governmental | Business-type | | Unit | Unit |
| | Activities | Activities | Total | School Board | EDA |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 5,910,999 | \$ 221,104 | \$ 6,132,103 | \$ 2,899,270 | \$ 260,643 |
| Cash in custody of others | - | - | - | 541,266 | - |
| Investments | 12,642,397 | - | 12,642,397 | 324,888 | 178,523 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Taxes receivable | 5,819,217 | - | 5,819,217 | - | - |
| Other local taxes | 257,124 | - | 257,124 | - | - |
| Accounts receivable | 924,650 | 23,381 | 948,031 | 32,555 | - |
| Due from component units | 1,039,484 | - | 1,039,484 | - | - |
| Due from other governmental units | 2,551,299 | - | 2,551,299 | 671,827 | - |
| Inventories | - | - | - | 25,907 | - |
| Prepaid items | 13,600 | - | 13,600 | 417,957 | 6,646 |
| Inventory: Industrial sites held for resale | - | - | - | - | 976,800 |
| Capital assets (net of accumulated depreciation): | | | | | |
| Land | 1,197,264 | - | 1,197,264 | 769,576 | 104,605 |
| Buildings and improvements | 31,688,407 | - | 31,688,407 | 11,274,210 | 1,291,775 |
| Machinery and equipment | 1,114,857 | - | 1,114,857 | 7,451,529 | - |
| Infrastructure | - | 3,552,261 | 3,552,261 | - | - |
| Construction in progress | 114,800 | - | 114,800 | 214,236 | 301,100 |
| Right to use assets: | | | | | |
| Subscription asset | - | - | - | 77,046 | - |
| Lease - Machinery, equipment, and vehicles | 431,977 | - | 431,977 | 32,800 | - |
| Total assets | \$ 63,706,075 | \$ 3,796,746 | \$ 67,502,821 | \$ 24,733,067 | \$ 3,120,092 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charges on refunding | \$ 1,526,619 | \$ - | \$ 1,526,619 | \$ - | \$ - |
| Pension related items | 1,550,482 | - | 1,550,482 | 5,022,882 | - |
| OPEB related items | 274,434 | - | 274,434 | 1,695,462 | - |
| Total deferred outflows of resources | \$ 3,351,535 | \$ - | \$ 3,351,535 | \$ 6,718,344 | \$ - |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,678,077 | \$ 2,392 | \$ 1,680,469 | \$ 82,586 | \$ 2,278 |
| Accrued wages | 82,681 | - | 82,681 | 1,486,373 | - |
| Estimate of incurred but not reported health claims | 120,581 | - | 120,581 | - | - |
| Accrued interest payable | 443,724 | - | 443,724 | - | - |
| Due to primary government | - | - | - | 1,039,484 | - |
| Customer deposits | - | 23,115 | 23,115 | - | - |
| Unearned revenue | 1,284,648 | - | 1,284,648 | 974,143 | - |
| Long-term liabilities: | | | | | |
| Due within one year | 2,331,499 | - | 2,331,499 | 350,400 | - |
| Due in more than one year | 31,621,347 | - | 31,621,347 | 22,345,846 | - |
| Total liabilities | \$ 37,562,557 | \$ 25,507 | \$ 37,588,064 | \$ 26,278,832 | \$ 2,278 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue - property taxes | \$ 6,212,225 | \$ - | \$ 6,212,225 | \$ - | \$ - |
| Pension related items | 1,175,032 | - | 1,175,032 | 2,133,764 | - |
| OPEB related items | 185,278 | - | 185,278 | 1,490,505 | - |
| Total deferred inflows of resources | \$ 7,572,535 | \$ - | \$ 7,572,535 | \$ 3,624,269 | \$ - |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 6,358,684 | \$ 3,552,261 | \$ 9,910,945 | \$ 19,786,255 | \$ 1,697,480 |
| Restricted | | | | | |
| School construction | 856,499 | - | 856,499 | - | - |
| Asset forfeiture | 188,642 | - | 188,642 | - | - |
| Transient occupancy | 257,585 | - | 257,585 | - | - |
| School cafeteria | - | - | - | 763,641 | - |
| Opioid abatement | 791,615 | - | 791,615 | - | - |
| Unrestricted (deficit) | 13,469,493 | 218,978 | 13,688,471 | (19,001,586) | 1,420,334 |
| Total net position | \$ 21,922,518 | \$ 3,771,239 | \$ 25,693,757 | \$ 1,548,310 | \$ 3,117,814 |

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, 2024

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|--------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | | Primary Government | | Component Units | |
| | | | Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | School Board | EDA |
| PRIMARY GOVERNMENT: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government administration | \$ 1,633,951 | \$ 10,994 | \$ 403,268 | \$ - | \$ (1,219,689) | \$ - | \$ - | \$ - |
| Judicial administration | 1,368,284 | 47,425 | 731,266 | - | (589,593) | - | - | - |
| Public safety | 9,517,108 | 532,918 | 3,697,792 | 259,863 | (5,026,535) | - | - | - |
| Public works | 2,164,574 | 383,071 | 71,825 | - | (1,709,678) | - | - | - |
| Health and welfare | 6,620,692 | - | 4,733,160 | - | (1,887,532) | - | - | - |
| Education | 10,838,204 | - | - | - | (10,838,204) | - | - | - |
| Parks, recreation, and cultural | 637,811 | 36,120 | 46,673 | - | (555,018) | - | - | - |
| Community development | 1,527,465 | - | - | 509,478 | (1,017,987) | - | - | - |
| Interest on long-term debt | 1,176,933 | - | - | - | (1,176,933) | - | - | - |
| Total governmental activities | \$ 35,485,022 | \$ 1,010,528 | \$ 9,683,984 | \$ 769,341 | \$ (24,021,169) | \$ - | \$ - | \$ - |
| Business-type activities: | | | | | | | | |
| Public Service Authority | \$ 237,731 | \$ 171,607 | \$ - | \$ - | \$ (66,124) | \$ (66,124) | \$ - | \$ - |
| Total business-type activities | \$ 237,731 | \$ 171,607 | \$ - | \$ - | \$ (66,124) | \$ (66,124) | \$ - | \$ - |
| Total primary government | \$ 35,722,753 | \$ 1,182,135 | \$ 9,683,984 | \$ 769,341 | \$ (24,021,169) | \$ (66,124) | \$ (24,087,293) | \$ - |
| COMPONENT UNITS: | | | | | | | | |
| School Board | \$ 37,051,400 | \$ 963,307 | \$ 28,442,463 | \$ 311,970 | \$ - | \$ - | \$ (7,333,660) | \$ - |
| EDA | 275,960 | 3,624 | - | - | - | - | - | (272,336) |
| Total component units | \$ 37,327,360 | \$ 966,931 | \$ 28,442,463 | \$ 311,970 | \$ - | \$ - | \$ (7,333,660) | \$ (272,336) |
| General revenues: | | | | | | | | |
| General property taxes | | | \$ 16,953,757 | \$ - | \$ 16,953,757 | \$ - | \$ - | \$ - |
| Other local taxes: | | | | | | | | |
| Local sales and use taxes | | | 3,550,904 | - | 3,550,904 | - | - | - |
| Consumers' utility taxes | | | 411,908 | - | 411,908 | - | - | - |
| Gross receipts | | | 2,286 | - | 2,286 | - | - | - |
| Cigarette taxes | | | 42,300 | - | 42,300 | - | - | - |
| Consumption taxes | | | 52,904 | - | 52,904 | - | - | - |
| Motor vehicle licenses | | | 436,357 | - | 436,357 | - | - | - |
| Bank stock taxes | | | 6,360 | - | 6,360 | - | - | - |
| Taxes on recordation and wills | | | 106,709 | - | 106,709 | - | - | - |
| Transient occupancy taxes | | | 716,037 | - | 716,037 | - | - | - |
| Food and beverage taxes | | | 381,299 | - | 381,299 | - | - | - |
| Unrestricted revenues from use of money | | | 784,771 | - | 784,771 | - | 24,278 | 22,450 |
| Miscellaneous | | | 760,406 | - | 760,406 | - | 520,854 | 5,615 |
| Contribution from Patrick County, Virginia | | | - | - | - | - | 10,828,204 | 122,646 |
| Grants and contributions not restricted to specific programs | | | 1,249,111 | - | 1,249,111 | - | - | - |
| Transfers | | | 20,000 | (20,000) | - | - | - | - |
| Total general revenues | | | \$ 25,475,109 | \$ (20,000) | \$ 25,455,109 | | \$ 11,373,336 | \$ 150,711 |
| Change in net position | | | \$ 1,453,940 | \$ (86,124) | \$ 1,367,816 | | \$ 4,039,676 | \$ (121,625) |
| Net position - beginning | | | 20,468,578 | 3,857,363 | 24,325,941 | | (2,491,366) | 3,239,439 |
| Net position - ending | | | \$ 21,922,518 | \$ 3,771,239 | \$ 25,693,757 | | \$ 1,548,310 | \$ 3,117,814 |

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

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

| | <u>General</u> | <u>Nonmajor Asset Forfeiture</u> | <u>Total</u> |
|---|----------------------|--------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,491,918 | \$ 84,327 | \$ 5,576,245 |
| Investments | 12,482,799 | 104,315 | 12,587,114 |
| Receivables (net of allowance for uncollectibles) | | | |
| Taxes receivable | 5,819,217 | - | 5,819,217 |
| Other local taxes | 257,124 | - | 257,124 |
| Accounts receivable | 924,650 | - | 924,650 |
| Due from component unit | 1,039,484 | - | 1,039,484 |
| Due from other governmental units | 2,551,299 | - | 2,551,299 |
| Prepaid items | 13,600 | - | 13,600 |
| Total assets | <u>\$ 28,580,091</u> | <u>\$ 188,642</u> | <u>\$ 28,768,733</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 1,678,077 | \$ - | \$ 1,678,077 |
| Accrued liabilities | 82,681 | - | 82,681 |
| Unearned revenue | 1,284,648 | - | 1,284,648 |
| Total liabilities | <u>\$ 3,045,406</u> | <u>\$ -</u> | <u>\$ 3,045,406</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - opioid settlements | \$ 527,233 | \$ - | \$ 527,233 |
| Unavailable revenue - property taxes | 6,988,818 | - | 6,988,818 |
| Total deferred inflows of resources | <u>\$ 7,516,051</u> | <u>\$ -</u> | <u>\$ 7,516,051</u> |
| FUND BALANCES | | | |
| Nonspendable - prepaid items | \$ 13,600 | \$ - | \$ 13,600 |
| Restricted: | | | |
| Opioid abatement | 264,382 | - | 264,382 |
| School construction | 856,499 | - | 856,499 |
| Asset Forfeiture | - | 188,642 | 188,642 |
| Transient Occupancy | 257,585 | - | 257,585 |
| Assigned: | | | |
| Law Library | 25,024 | - | 25,024 |
| Courthouse Maintenance | 23,693 | - | 23,693 |
| Courthouse Security | 35,866 | - | 35,866 |
| Fire Programs | 139,391 | - | 139,391 |
| Four for Life | 59,950 | - | 59,950 |
| Spay and Neuter | 858 | - | 858 |
| Fire and Rescue Equipment | 161,461 | - | 161,461 |
| Capital Depreciation | 204,852 | - | 204,852 |
| Skate Park | 21,402 | - | 21,402 |
| Broadband | 195,510 | - | 195,510 |
| Bob White Covered Bridge | 33,326 | - | 33,326 |
| Sheriff/Jail | 182,386 | - | 182,386 |
| Unassigned | 15,542,849 | - | 15,542,849 |
| Total fund balances | <u>\$ 18,018,634</u> | <u>\$ 188,642</u> | <u>\$ 18,207,276</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 28,580,091</u> | <u>\$ 188,642</u> | <u>\$ 28,768,733</u> |

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

County of Patrick, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 18,207,276

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

| | | |
|--|--------------|------------|
| Land | \$ 1,197,264 | |
| Buildings and improvements | 31,688,407 | |
| Machinery and equipment | 1,114,857 | |
| Intangible right-to-use assets: Machinery, equipment, and vehicles | 431,977 | |
| Construction in progress | 114,800 | 34,547,305 |

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

| | | |
|--|------------|-----------|
| Unavailable revenue - opioid settlements | \$ 527,233 | |
| Unavailable revenue - property taxes | 776,593 | 1,303,826 |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

269,456

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

| | | |
|------------------------------|--------------|-----------|
| Deferred charge on refunding | \$ 1,526,619 | |
| Pension related items | 1,550,482 | |
| OPEB related items | 274,434 | 3,351,535 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|--------------------------|----------------|--------------|
| Bond premiums | \$ (1,079,690) | |
| Accrued interest payable | (443,724) | |
| Compensated absences | (834,278) | |
| Net pension liability | (2,411,512) | |
| Net OPEB liabilities | (991,816) | |
| Lease liabilities | (420,260) | |
| Literary loans | (375,000) | |
| Lease revenue bonds | (9,785,000) | |
| General obligation bonds | (18,055,290) | (34,396,570) |

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|-----------------------|----------------|-------------|
| Pension related items | \$ (1,175,032) | |
| OPEB related items | (185,278) | (1,360,310) |

Net position of governmental activities

\$ 21,922,518

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, 2024

| | <u>General</u> | <u>Nonmajor Asset Forfeiture</u> | <u>Total</u> |
|--|----------------------|--------------------------------------|----------------------|
| REVENUES | | | |
| General property taxes | \$ 16,840,275 | \$ - | \$ 16,840,275 |
| Other local taxes | 5,707,064 | - | 5,707,064 |
| Permits, privilege fees, and regulatory licenses | 99,655 | - | 99,655 |
| Fines and forfeitures | 19,411 | - | 19,411 |
| Revenue from the use of money and property | 793,055 | 2,708 | 795,763 |
| Charges for services | 880,470 | - | 880,470 |
| Miscellaneous | 523,265 | - | 523,265 |
| Recovered costs | 1,590,610 | - | 1,590,610 |
| Intergovernmental: | | | |
| Commonwealth | 8,592,632 | 6,267 | 8,598,899 |
| Federal | 3,103,537 | - | 3,103,537 |
| Total revenues | <u>\$ 38,149,974</u> | <u>\$ 8,975</u> | <u>\$ 38,158,949</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government administration | \$ 2,096,204 | \$ - | \$ 2,096,204 |
| Judicial administration | 1,437,078 | - | 1,437,078 |
| Public safety | 10,833,592 | 1,342 | 10,834,934 |
| Public works | 1,950,205 | - | 1,950,205 |
| Health and welfare | 6,764,891 | - | 6,764,891 |
| Education | 9,595,819 | - | 9,595,819 |
| Parks, recreation, and cultural | 643,963 | - | 643,963 |
| Community development | 1,640,545 | - | 1,640,545 |
| Capital projects | 374,688 | - | 374,688 |
| Debt service: | | | |
| Principal retirement | 1,543,035 | - | 1,543,035 |
| Interest and other fiscal charges | 1,246,741 | - | 1,246,741 |
| Total expenditures | <u>\$ 38,126,761</u> | <u>\$ 1,342</u> | <u>\$ 38,128,103</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 23,213</u> | <u>\$ 7,633</u> | <u>\$ 30,846</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ 33,185 | \$ - | \$ 33,185 |
| Transfers out | - | (13,758) | (13,758) |
| Issuance of leases | 241,651 | - | 241,651 |
| Total other financing sources (uses) | <u>\$ 274,836</u> | <u>\$ (13,758)</u> | <u>\$ 261,078</u> |
| Net change in fund balances | \$ 298,049 | \$ (6,125) | \$ 291,924 |
| Fund balances - beginning | 17,720,585 | 194,767 | 17,915,352 |
| Fund balances - ending | <u>\$ 18,018,634</u> | <u>\$ 188,642</u> | <u>\$ 18,207,276</u> |

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

County of Patrick, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

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

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 291,924 |
|--|----|---------|

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 detail of items supporting this adjustment:

| | | |
|----------------------|-------------|-----------|
| Capital outlays | \$ 805,147 | |
| Depreciation expense | (1,743,630) | (938,483) |

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

| | | |
|---|--|-----------|
| Contribution of school assets as debt balances were paid completely | | (427,377) |
|---|--|-----------|

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

| | | |
|--|------------|---------|
| Increase (decrease) in unavailable revenue - tax revenue | \$ 113,482 | |
| Increase (decrease) in unavailable revenue - opioid settlement | 237,141 | 350,623 |

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of, premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|--|--------------|-----------|
| Issuance of debt: | | |
| Lease liabilities | \$ (241,651) | |
| Principal repayments: | | |
| General obligation bonds and lease revenue bonds | 1,409,877 | |
| Literary loans | 75,000 | |
| Lease liabilities | 58,158 | 1,301,384 |

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

| | | |
|--|-------------|---------|
| Change in compensated absences | \$ (41,494) | |
| Amortization of bond premium | 146,817 | |
| Amortization of deferred amount on refunding | (101,775) | |
| Change in accrued interest payable | 24,766 | |
| Change in net pension liability and related deferred items | 729,862 | |
| Change in net OPEB liabilities and related deferred items | (45,305) | 712,871 |

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

162,998

| | | |
|---|----|------------------|
| Change in net position of governmental activities | \$ | <u>1,453,940</u> |
|---|----|------------------|

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

County of Patrick, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2024

| | Public Service Authority | | | Internal |
|--|--------------------------|---------------------|---------------------|-------------------|
| | Water | Sewer | Total | Service |
| | <u>Fund</u> | <u>Fund</u> | <u>Total</u> | <u>Fund</u> |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 193,874 | \$ 27,230 | \$ 221,104 | \$ 334,754 |
| Investments | - | - | - | 55,283 |
| Accounts receivables, net of allowances for uncollectibles | 19,693 | 3,688 | 23,381 | - |
| Due from other funds | 1,632 | - | 1,632 | - |
| Total current assets | <u>\$ 215,199</u> | <u>\$ 30,918</u> | <u>\$ 246,117</u> | <u>\$ 390,037</u> |
| Noncurrent assets: | | | | |
| Capital assets (net of accumulated depreciation): | | | | |
| Infrastructure | \$ 1,371,611 | \$ 2,180,650 | \$ 3,552,261 | \$ - |
| Total noncurrent assets | <u>\$ 1,371,611</u> | <u>\$ 2,180,650</u> | <u>\$ 3,552,261</u> | <u>\$ -</u> |
| Total assets | <u>\$ 1,586,810</u> | <u>\$ 2,211,568</u> | <u>\$ 3,798,378</u> | <u>\$ 390,037</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Estimate of incurred but not reported health claims | \$ - | \$ - | \$ - | \$ 120,581 |
| Accounts payable | 2,190 | 202 | 2,392 | - |
| Customers' deposits | 18,310 | 4,805 | 23,115 | - |
| Due to other funds | - | 1,632 | 1,632 | - |
| Total liabilities | <u>\$ 20,500</u> | <u>\$ 6,639</u> | <u>\$ 27,139</u> | <u>\$ 120,581</u> |
| NET POSITION | | | | |
| Investment in capital assets | \$ 1,371,611 | \$ 2,180,650 | \$ 3,552,261 | \$ - |
| Unrestricted (deficit) | 194,699 | 24,279 | 218,978 | 269,456 |
| Total net position (deficit) | <u>\$ 1,566,310</u> | <u>\$ 2,204,929</u> | <u>\$ 3,771,239</u> | <u>\$ 269,456</u> |

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

County of Patrick, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

| | Public Service Authority | | | Internal |
|--|--------------------------|---------------------|---------------------|---------------------|
| | Water | Sewer | Total | Service |
| | <u>Fund</u> | <u>Fund</u> | | <u>Fund</u> |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Water revenues | \$ 140,915 | \$ - | \$ 140,915 | \$ - |
| Sewer revenues | - | 30,692 | 30,692 | - |
| Insurance premiums | - | - | - | 1,661,981 |
| Total operating revenues | <u>\$ 140,915</u> | <u>\$ 30,692</u> | <u>\$ 171,607</u> | <u>\$ 1,661,981</u> |
| OPERATING EXPENSES | | | | |
| Administration | \$ 14,114 | \$ 38,693 | \$ 52,807 | \$ - |
| Purchase of water | 40,283 | - | 40,283 | - |
| Purchase of sewer | - | 12,777 | 12,777 | - |
| Pump station maintenance | 5,526 | - | 5,526 | - |
| Depreciation | 49,852 | 76,486 | 126,338 | - |
| Insurance claims and expenses | - | - | - | 1,499,556 |
| Total operating expenses | <u>\$ 109,775</u> | <u>\$ 127,956</u> | <u>\$ 237,731</u> | <u>\$ 1,499,556</u> |
| Operating income (loss) | <u>\$ 31,140</u> | <u>\$ (97,264)</u> | <u>\$ (66,124)</u> | <u>\$ 162,425</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Income (loss) before capital contributions and transfers | <u>\$ 31,140</u> | <u>\$ (97,264)</u> | <u>\$ (66,124)</u> | <u>\$ 162,425</u> |
| Transfers in | \$ - | \$ 11,764 | \$ 11,764 | \$ 573 |
| Transfers out | (31,764) | - | (31,764) | - |
| Change in net position | <u>\$ (624)</u> | <u>\$ (85,500)</u> | <u>\$ (86,124)</u> | <u>\$ 162,998</u> |
| Net position - beginning | 1,566,934 | 2,290,429 | 3,857,363 | 106,458 |
| Net position (deficit) - ending | <u>\$ 1,566,310</u> | <u>\$ 2,204,929</u> | <u>\$ 3,771,239</u> | <u>\$ 269,456</u> |

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

County of Patrick, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

| | Public Service Authority | | | Internal |
|---|--------------------------|-------------|--------------|--------------|
| | Water | Sewer | | Service |
| | <u>Fund</u> | <u>Fund</u> | <u>Total</u> | <u>Fund</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts for insurance premiums | \$ - | \$ - | \$ - | \$ 1,661,981 |
| Receipts from customers and users | 132,823 | 30,951 | 163,774 | - |
| Payments to suppliers | (61,902) | (52,992) | (114,894) | - |
| Payments for premiums | - | - | - | (1,516,217) |
| Other receipts (payments) | - | - | - | - |
| Net cash provided by (used for) operating activities | \$ 70,921 | \$ (22,041) | \$ 48,880 | \$ 145,764 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from (to) other funds | \$ (31,764) | \$ - | \$ (31,764) | \$ 573 |
| Transfers from other funds | - | 11,764 | 11,764 | - |
| Net cash provided by (used for) noncapital financing activities | \$ (31,764) | \$ 11,764 | \$ (20,000) | \$ 573 |
| Net increase (decrease) in cash and cash equivalents | \$ 39,157 | \$ (10,277) | \$ 28,880 | \$ 146,337 |
| Cash and cash equivalents - beginning (including short term investments of \$52,343) | 154,717 | 37,507 | 192,224 | 243,700 |
| Cash and cash equivalents - ending (including short term investments of \$55,283) | \$ 193,874 | \$ 27,230 | \$ 221,104 | \$ 390,037 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Operating income (loss) | \$ 31,140 | \$ (97,264) | \$ (66,124) | \$ 162,425 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | \$ 49,852 | \$ 76,486 | \$ 126,338 | \$ - |
| (Increase) decrease in accounts receivable | (7,932) | 314 | (7,618) | - |
| Increase (decrease) in customer deposits | (160) | (55) | (215) | - |
| Increase (decrease) in accounts payable | (1,979) | (1,522) | (3,501) | (16,661) |
| Total adjustments | \$ 39,781 | \$ 75,223 | \$ 115,004 | \$ (16,661) |
| Net cash provided by (used for) operating activities | \$ 70,921 | \$ (22,041) | \$ 48,880 | \$ 145,764 |

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

County of Patrick, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

| | Custodial Funds |
|---------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 54,149 |
| Total assets | <u>\$ 54,149</u> |
| NET POSITION | |
| Restricted: | |
| Special Welfare | \$ 30,729 |
| Dehart Cemetery | 6,018 |
| Inmate Balances | <u>17,402</u> |
| Total net position | <u>\$ 54,149</u> |

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

County of Patrick, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

| | <u>Custodial Funds</u> |
|---|------------------------|
| ADDITIONS | |
| Contributions: | |
| Expenditure reimbursements | \$ 49,753 |
| Miscellaneous | 18 |
| Inmate reimbursements | 131,691 |
| Total contributions | <u>\$ 181,462</u> |
| DEDUCTIONS | |
| Special welfare payments | \$ 20,191 |
| Inmate payments | 120,382 |
| Total deductions | <u>\$ 140,573</u> |
| Net increase (decrease) in fiduciary net position | \$ 40,889 |
| Net position - beginning | 13,260 |
| Net position - ending | <u>\$ 54,149</u> |

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024

Note 1-Summary of Significant Accounting Policies:

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

A. Financial reporting entity

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

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

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

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

The Economic Development Authority of Patrick County (EDA) was created to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Patrick County, Virginia. The Authority is also authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. The Authority is governed by seven 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, 2024, the County contributed \$297,146 to the Library.
2. The County and the Counties of Franklin and Henry and the City of Martinsville participate in supporting the Piedmont Regional Community Services Board. For the fiscal year ended June 30, 2024, the County contributed \$71,179 to the Community Services Board.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the Courthouse Maintenance, Contingency, Inmate Medical, CAP Depreciation, Social Services, Opioid Settlement Funds, CSA, Dare, Law Library, Fred Clifton Park, Capital Projects, Courthouse Security, Fire Programs, Four for Life, Treasurer's Deferred Account, Prepaid Taxes, HEM, Stormwater, Inmate Daily, Fire and Rescue Equipment, Skate Park, ARPA, Broadband, Bob White Covered Bridge, and Transient Occupancy Tax Funds.

The government reports the following nonmajor governmental funds:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

Fiduciary Funds (Custodial Funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, DeHart Cemetery and the Inmate Funds.

The discretely presented component unit School Board of the government reports the following governmental funds:

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

Nonmajor Fund - School Activity Fund - This fund accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

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

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

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

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

1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and payables

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

4. Property taxes

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

5. 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 \$157,526 at June 30, 2024 and is comprised of property taxes (\$111,916), EMS charges (\$188,281) water charges (\$16,135) and sewer charges (\$107).

6. Use of estimates

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

7. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column 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 (except for intangible right-to-use lease and subscription assets), the measurement of which is discussed in more detail below) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component units, is depreciated/amortized using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---|--------------|
| Buildings | 40 |
| Building improvements | 40 |
| Infrastructure - structures, lines, and accessories | 20-40 |
| Machinery, equipment, and vehicles | 5-30 |
| Lease - Machinery, equipment, and vehicles | 5-30 |
| Subscription assets | 3-5 |

8. 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 current accounting standards, 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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

9. Long-term obligations

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

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

10. Prepaid items

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

11. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." County's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable - amounts that are either not in spendable form, such as prepaid items and inventory or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted - amounts that are restricted by external parties such as creditors or imposed by grants, law or legislation;
- Committed - amounts constrained to specific purposes by the government itself, using its highest level of decision making authority, which the County considers to be the Board of Supervisors; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned - amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors;
- Unassigned - this category is for any balances that have no restrictions placed upon them; positive amounts are only reported in the general fund.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

11. Fund balance (continued)

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

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

12. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes, EMS billings, and opioid abatement receivables are reported in the governmental funds balance sheet. The property tax amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition, the County and School Board allow retirees to stay on their health insurance plans creating an implicit subsidy. Please see related notes for more information.

15. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

15. Net Position (continued)

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

16. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

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

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

16. Leases and Subscription-Based IT Arrangements (continued)

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription term includes the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease liability (lessee) or subscription liability.

The County monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County will remeasure the lease asset and liability (lessee) or the subscription asset if certain changes occur that are expected to significantly affect the amount of the lease liability or subscription liability.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1st. 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 30th, 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
June 30, 2024 (continued)

Note 2-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 and Special Revenue Funds. The School Operating Fund is 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.

B. Excess of expenditures over appropriations

For fiscal year ended June 30, 2024, there were no funds/departments that over expended appropriations.

C. Deficit fund balance

At June 30, 2024, no funds had a deficit fund balance.

Note 3-Deposits and Investments:

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

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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), 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
June 30, 2024 (continued)

Note 3-Deposits and Investments: (continued)

The County's and School's rated debt investments as of June 30, 2024 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

| County's Rated Debt Investments' Values | |
|---|----------------------|
| Rated Debt Investments | Fair Quality Ratings |
| | AAA _m |
| Local Government Investment Pool (LGIP) | \$ 12,967,285 |

Concentration of Credit Risk:

At June 30, 2024, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk:

The County has not adopted an investment policy for interest rate risk. Listed below are the County's investments subject to interest rate risk and their corresponding maturity dates.

| Investment Type | Fair Value | Less than 1 year |
|---|---------------|------------------|
| Local Government Investment Pool (LGIP) | \$ 12,967,285 | \$ 12,967,285 |

External Investment Pool:

The 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 is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 4-Due from Other Governmental Units:

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

| | <u>Primary Government</u> | <u>Component Unit School Board</u> |
|---|-------------------------------|--|
| <u>Local Governments:</u> | | |
| Franklin County, Virginia | \$ - | \$ 25,078 |
| <u>Commonwealth of Virginia:</u> | | |
| State sales tax | - | 499,325 |
| Local sales tax | 593,024 | - |
| Noncategorical aid | 72,235 | - |
| Categorical aid - shared expenses | 336,713 | - |
| Categorical aid - VPA funds | 81,060 | - |
| Categorical aid - CSA funds | 970,682 | - |
| Categorical aid - other | 113,010 | - |
| <u>Federal Government:</u> | | |
| Categorical aid - VPA funds | 130,281 | - |
| Categorical aid - other | 254,294 | 147,424 |
| Totals | \$ 2,551,299 | \$ 671,827 |

Note 5-Interfund/Component-unit Obligations:

Interfund transfers for the year ended June 30, 2024, consisted of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------|---------------------|----------------------|
| General Fund | \$ 33,185 | \$ - |
| Water Fund | - | 31,764 |
| Sewer Fund | 11,764 | - |
| Asset Forfeiture Fund | - | 13,758 |
| Health Insurance Fund | 573 | - |
| Total | \$ 45,522 | \$ 45,522 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 5-Interfund/Component-unit Obligations: (continued)

Interfund transfers for the year ended June 30, 2024, consisted of the following: (continued)

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------|---------------------|----------------------|
| School Operating Fund | \$ - | \$ 364,612 |
| School Activity Fund | 364,612 | - |
| Total | <u>\$ 364,612</u> | <u>\$ 364,612</u> |

Interfund/component unit obligations at June 30, 2024, consisted of the following:

| <u>Fund</u> | <u>Component Unit</u> | <u>Component Unit</u> |
|--------------------------------|-----------------------|-----------------------|
| Primary Government: | | |
| General Fund | <u>\$ 1,039,484</u> | <u>\$ -</u> |
| Component Unit - School Board: | | |
| School Operating Fund | <u>\$ -</u> | <u>\$ 1,039,484</u> |

The amounts due between the School Board and the County are the remnants of the annual reversion process.

Note 6-Long-term Obligations:

Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2024.

| | <u>Beginning Balance</u> | <u>Increases/ Issuances</u> | <u>Decreases/ Retirements</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------------------|-----------------------------------|---------------------------|
| Direct borrowings and direct placements: | | | | |
| General obligation bonds | \$ 19,082,167 | \$ - | \$ (1,026,877) | \$ 18,055,290 |
| Lease revenue bonds | 10,168,000 | - | (383,000) | 9,785,000 |
| Bond premiums | 1,226,507 | - | (146,817) | 1,079,690 |
| Literary loans | 450,000 | - | (75,000) | 375,000 |
| Lease Liabilities | 236,767 | 241,651 | (58,158) | 420,260 |
| Compensated absences | 792,784 | 636,082 | (594,588) | 834,278 |
| Net pension liability | 3,072,875 | 3,217,794 | (3,879,157) | 2,411,512 |
| Net OPEB liabilities | 959,222 | 240,384 | (207,790) | 991,816 |
| Total | <u>\$ 35,988,322</u> | <u>\$ 4,335,911</u> | <u>\$ (6,371,387)</u> | <u>\$ 33,952,846</u> |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

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

| Year Ending June 30, | Direct Borrowings and Direct Placements | | Lease Liabilities | |
|-------------------------|---|--------------|-------------------|------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 1,483,294 | \$ 1,154,769 | \$ 86,874 | \$ 54,635 |
| 2026 | 1,551,996 | 1,083,325 | 99,655 | 41,853 |
| 2027 | 1,619,000 | 1,010,797 | 99,542 | 27,744 |
| 2028 | 1,680,000 | 944,996 | 86,632 | 14,486 |
| 2029 | 1,826,000 | 870,174 | 47,557 | 3,641 |
| 2030-2034 | 9,799,000 | 3,219,212 | - | - |
| 2035-2039 | 9,901,000 | 1,128,509 | - | - |
| 2040 | 355,000 | 10,497 | - | - |
| Totals | \$ 28,215,290 | \$ 9,422,279 | \$ 420,260 | \$ 142,359 |

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2024 (continued)**

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Details of long-term obligations:

| | Interest Rates | Issue Date | Final Maturity Date | Amount of Original Issue | Total Amount | Amount Due Within One Year |
|--|-------------------|---------------|---------------------------|--------------------------------|----------------------|-------------------------------|
| <u>Direct borrowings and Direct Placements:</u> | | | | | | |
| <i>General Obligation Bonds</i> | | | | | | |
| General obligation bond | 4.10-5.60% | 10/15/2004 | 2025 | \$ 1,630,018 | \$ 102,276 | \$ 102,276 |
| General obligation bond | 4.60-5.10% | 11/10/2005 | 2026 | 1,787,287 | 223,014 | 110,018 |
| General obligation bond | 4.05-5.05% | 5/14/2015 | 2039 | 22,480,000 | 17,730,000 | 865,000 |
| Total general obligation bonds | | | | | <u>\$ 18,055,290</u> | <u>\$ 1,077,294</u> |
| <i>Lease Revenue Bonds</i> | | | | | | |
| Lease revenue bond | 4.60-5.10% | 11/9/2009 | 2040 | \$ 6,295,000 | \$ 4,095,000 | \$ - |
| Lease revenue bond | 3.14% | 6/20/2019 | 2040 | 6,084,000 | 5,690,000 | 331,000 |
| Total lease revenue bonds | | | | | <u>\$ 9,785,000</u> | <u>\$ 331,000</u> |
| <i>Premiums:</i> | | | | | | |
| Premium | | 10/15/2004 | 2025 | \$ 117,079 | \$ 5,853 | \$ 5,853 |
| Premium | | 11/10/2005 | 2026 | 97,867 | 27,397 | 3,915 |
| Premium | | 5/14/2015 | 2038 | 2,512,317 | 1,046,440 | 125,854 |
| Total premiums | | | | | <u>\$ 1,079,690</u> | <u>\$ 135,622</u> |
| <i>Literary Loans</i> | | | | | | |
| State literary fund loan | 2.00% | 7/15/2008 | 2029 | \$ 1,425,000 | \$ 375,000 | \$ 75,000 |
| Total direct borrowings and direct placements | | | | | <u>\$ 29,294,980</u> | <u>\$ 1,618,916</u> |
| <u>Lease Liabilities:</u> | | | | | | |
| Sheriff Enterprise vehicle leases | 10.19-14.43% | 2021-2023 | 2027-2028 | \$23,980-34,679 | \$ 420,260 | \$ 86,874 |
| Total lease liabilities | | | | | <u>\$ 420,260</u> | <u>\$ 86,874</u> |
| <u>Other Obligations:</u> | | | | | | |
| Compensated absences | | | | | \$ 834,278 | \$ 625,709 |
| Net pension liability | | | | | 2,411,512 | - |
| Net OPEB liabilities | | | | | 991,816 | - |
| Total other obligations | | | | | <u>\$ 4,237,606</u> | <u>\$ 625,709</u> |
| Total long-term obligations | | | | | <u>\$ 33,952,846</u> | <u>\$ 2,331,499</u> |

Collateral: The lease revenue bonds issued June 20, 2019 are secured by the County courthouse and library. The lease revenue bond issued November 9, 2009 is secured by the County jail.

Events of Default: The County's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 7-Long-term Obligations-Component Unit School Board:

Discretely Presented Component Unit-School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2024.

| | Beginning Balance | Increases / Issuances | Decreases / Retirements | Ending Balance |
|-----------------------|----------------------|--------------------------|----------------------------|-------------------|
| Compensated absences | \$ 450,867 | \$ 326,793 | \$ (338,150) | \$ 439,510 |
| Lease liabilities | 53,613 | - | (20,471) | 33,142 |
| Net pension liability | 13,771,546 | 8,071,912 | (6,722,795) | 15,120,663 |
| Net OPEB liabilities | 7,085,201 | 1,185,691 | (1,167,961) | 7,102,931 |
| Total | \$ 21,361,227 | \$ 9,584,396 | \$ (8,249,377) | \$ 22,696,246 |

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

| Year Ending June 30, | Lease Liabilities | |
|-------------------------|-------------------|----------|
| | Principal | Interest |
| 2025 | \$ 20,767 | \$ 365 |
| 2026 | 11,429 | 91 |
| 2027 | 946 | 9 |
| 2028 | - | - |
| 2029 | - | - |
| Totals | \$ 33,142 | \$ 465 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 7—Long-term Obligations—Component Unit School Board: (continued)

Details of Obligations:

| | Interest Rates | Implementation/ Issue Date | Final Maturity Date | Amount of Original Issue | Total Amount | Amount Due Within One Year |
|-----------------------------|-------------------|----------------------------------|---------------------------|--------------------------------|-----------------|-------------------------------|
| Lease Liabilities: | | | | | | |
| Konica Minolta copier lease | 1.33% | 7/1/2021 | 2027 | \$ 83,925 | \$ 28,535 | \$ 18,960 |
| SendPro copier lease | 2.56% | 3/1/2022 | 2027 | 8,986 | 4,607 | 1,807 |
| Total lease liabilities | | | | | \$ 33,142 | \$ 20,767 |
| Other Obligations: | | | | | | |
| Compensated absences | | | | | \$ 439,510 | \$ 329,633 |
| Net pension liability | | | | | 15,120,663 | - |
| Net OPEB liabilities | | | | | 7,102,931 | - |
| Total other obligations | | | | | \$ 22,663,104 | \$ 329,633 |
| Total long-term obligations | | | | | \$ 22,696,246 | \$ 350,400 |

Note 8—Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Benefit Structures (continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | Primary Government | Component Unit School Board Nonprofessional |
|--|-----------------------|---|
| Inactive members or their beneficiaries currently receiving benefits | 106 | 103 |
| Inactive members: | | |
| Vested inactive members | 31 | 15 |
| Non-vested inactive members | 42 | 32 |
| Inactive members active elsewhere in VRS | 41 | 20 |
| Total inactive members | 114 | 67 |
| Active members | 154 | 97 |
| Total covered employees | 374 | 267 |

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employee contribution rate for the year ended June 30, 2024 was 15.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,226,722 and \$1,131,939 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2024 was 6.56% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Patrick County School Board's nonprofessional employees were \$140,650 and \$132,774 for the years ended June 30, 2024 and June 30, 2023, respectively.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's Retirement Plan and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

| | |
|---------------------------------------|---|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% - 5.35% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation |

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

| | |
|---------------------------------------|---|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% - 4.75% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (continued)

Mortality rates:

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and for females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience and changed final retirement age from 65 to 70 |
| Withdrawal Rates | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Long-term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Long-term Expected Rate of Return (continued)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Long-Term Target Asset Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|--|---|---|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | 100.00% | | 5.75% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return** | 8.25% |

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (Continued)

Discount Rate (Continued)

Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

| | Primary Government | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2022 | \$ 32,769,081 | \$ 29,696,206 | \$ 3,072,875 |
| Changes for the year: | | | |
| Service cost | \$ 975,558 | \$ - | \$ 975,558 |
| Interest | 2,223,388 | - | 2,223,388 |
| Differences between expected and actual experience | (461,374) | - | (461,374) |
| Contributions - employer | - | 1,131,295 | (1,131,295) |
| Contributions - employee | - | 361,876 | (361,876) |
| Net investment income | - | 1,923,832 | (1,923,832) |
| Benefit payments, including refunds of employee contributions | (1,611,113) | (1,611,113) | - |
| Administrative expenses | - | (18,848) | 18,848 |
| Other changes | - | 780 | (780) |
| Net changes | \$ 1,126,459 | \$ 1,787,822 | \$ (661,363) |
| Balances at June 30, 2023 | \$ 33,895,540 | \$ 31,484,028 | \$ 2,411,512 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Changes in Net Pension Liability (Asset)

| | Component Unit - School Board (nonprofessional) | | |
|---|---|------------------------------------|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at June 30, 2022 | \$ 8,343,472 | \$ 8,447,876 | \$ (104,404) |
| Changes for the year: | | | |
| Service cost | \$ 208,922 | \$ - | \$ 208,922 |
| Interest | 557,437 | - | 557,437 |
| Differences between expected and actual experience | 235,679 | - | 235,679 |
| Contributions - employer | - | 133,687 | (133,687) |
| Contributions - employee | - | 104,421 | (104,421) |
| Net investment income | - | 535,159 | (535,159) |
| Benefit payments, including refunds of employee contributions | (588,132) | (588,132) | - |
| Administrative expenses | - | (5,504) | 5,504 |
| Other changes | - | 214 | (214) |
| Net changes | \$ 413,906 | \$ 179,845 | \$ 234,061 |
| Balances at June 30, 2023 | \$ 8,757,378 | \$ 8,627,721 | \$ 129,657 |

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Patrick County School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Patrick County School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|------------------------|-------------------------------------|------------------------|
| County | | | |
| Net Pension Liability (Asset) | \$ 6,989,828 | \$ 2,411,512 | \$ (1,324,089) |
| Component Unit School Board (Nonprofessional) | | | |
| Net Pension Liability (Asset) | \$ 1,049,087 | \$ 129,657 | \$ (689,576) |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$496,216 and \$132,057, respectively. At June 30, 2024, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Primary Government | | Component Unit-School Board (nonprofessional) | |
|--|--------------------------------|-------------------------------|---|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,822 | \$ 729,338 | \$ 126,061 | \$ 5,015 |
| Change in assumptions | 321,938 | - | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 445,694 | - | 146,372 |
| Employer contributions subsequent to the measurement date | 1,226,722 | - | 140,650 | - |
| Total | <u>\$ 1,550,482</u> | <u>\$ 1,175,032</u> | <u>\$ 266,711</u> | <u>\$ 151,387</u> |

\$1,226,722 and \$140,650 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (nonprofessional) |
|--------------------|--------------------|---|
| 2025 | \$ (440,793) | \$ 3,169 |
| 2026 | (762,064) | (155,176) |
| 2027 | 336,369 | 122,064 |
| 2028 | 15,216 | 4,617 |
| 2029 | - | - |
| Thereafter | - | - |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,479,076 and \$2,341,108 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division proportionate share is reflected in the School Board's Operating Grants and Contributions on the Statement of Activities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the school division reported a liability of \$14,991,006 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.14832% as compared to 0.14465% at June 30, 2022.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2024, the school division recognized pension expense of \$1,076,804. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 1,287,740 | \$ 585,013 |
| Change in assumptions | 679,595 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 974,718 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 309,760 | 422,646 |
| Employer contributions subsequent to the measurement date | <u>2,479,076</u> | <u>-</u> |
| Total | \$ <u>4,756,171</u> | \$ <u>1,982,377</u> |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$2,479,076 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | | |
|---------------------------|----|-----------|
| 2025 | \$ | (483,255) |
| 2026 | | (868,045) |
| 2027 | | 1,292,814 |
| 2028 | | 353,204 |
| 2029 | | - |
| Thereafter | | - |

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

| | |
|---------------------------------------|---|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% - 5.95% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation |

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

| | | Teacher Employee Retirement Plan |
|---|----|---|
| Total Pension Liability | \$ | 57,574,609 |
| Plan Fiduciary Net Position | | 47,467,405 |
| Employers' Net Pension Liability (Asset) | \$ | <u>10,107,204</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 82.45% |

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | Rate | | |
|---|---------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability | \$ 26,573,707 | \$ 14,991,006 | \$ 5,469,073 |

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

| | Primary Government | | | | Component Unit School Board | | | |
|------------------------------|--------------------|------------------|-----------------------|-----------------|-----------------------------|------------------|-----------------------|-----------------|
| | Deferred Outflows | Deferred Inflows | Net Pension Liability | Pension Expense | Deferred Outflows | Deferred Inflows | Net Pension Liability | Pension Expense |
| VRS Pension Plans: | | | | | | | | |
| Primary Government | \$ 1,550,482 | \$ 1,175,032 | \$ 2,411,512 | \$ 496,216 | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 266,711 | 151,387 | 129,657 | 132,057 |
| School Board Professional | - | - | - | - | 4,756,171 | 1,982,377 | 14,991,006 | 1,076,804 |
| Totals | \$ 1,550,482 | \$ 1,175,032 | \$ 2,411,512 | \$ 496,216 | \$ 5,022,882 | \$ 2,133,764 | \$ 15,120,663 | \$ 1,208,861 |

Note 9—Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 9—Line of Duty Act (LODA) (OPEB Benefits): (continued)

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2024 was \$63,313.

Note 10—Other Postemployment Benefits - County Health Insurance:

Plan Description

In addition to the pension benefits described in Note 8, the County administers a single-employer defined benefit healthcare plan, the Patrick County Post-Retirement Medical Plan (PPRMP). The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The PPRMP does not issue a publicly available financial report.

Benefits Provided

PPRMP provides health insurance benefits to eligible retirees, their spouses and dependents. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee must meet one of the following requirements:

- General and Public Safety Employees hired before July 1, 2010:
 - Attain age 50 and 30 years of service
 - Attain age 55 and 5 years of service
- General and Public Safety Employees hired after July 1, 2010:
 - Attain age 60 and 5 years of service
 - Attain age plus years of service equal to/or greater than 90

Coverage for participants include medical, dental, and vision coverage for retirees, spouses, and dependents. County employees are responsible for the entire premium creating the implicit rate subsidy.

Plan Membership

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

| | |
|---|------------|
| Total active employees with coverage | 163 |
| Total retirees with coverage | 1 |
| Total spouses of retirees with coverage | 0 |
| Total | <u>164</u> |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 10—Other Postemployment Benefits - County Health Insurance: (Continued)

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2024 was \$13,657.

Actuarial Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|---|
| Actuarial Cost Method | Entry age normal level % of salary |
| Discount Rate | 3.93% as of June 30, 2024 |
| Inflation | 2.50% per year as of June 30, 2024 |
| County Participation Rate | It is assumed 20% of future retirees will elect coverage and also cover a spouse. |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075. |
| Retirement Age | The average age at retirement is estimated based on probability of retirement. |
| Mortality Rates | The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees). |

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2024.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 10—Other Postemployment Benefits - County Health Insurance: (Continued)

Changes in Total OPEB Liability

| | Primary Government Total OPEB Liability |
|----------------------------------|--|
| Balance at June 30, 2023 | \$ 550,731 |
| Changes for the year: | |
| Service cost | \$ 38,586 |
| Interest on Total OPEB Liability | 21,263 |
| Changes in assumptions | (15,492) |
| Benefit payments | (13,657) |
| Net changes | \$ 30,700 |
| Balance at June 30, 2024 | \$ 581,431 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate:

| Discount Rate | | |
|------------------------|--------------------|------------------------|
| 1% Decrease (2.93%) | Current (3.93%) | 1% Increase (4.93%) |
| \$ 638,617 | \$ 581,431 | \$ 529,388 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.70% decreasing to an ultimate rate of 3.00%) or one percentage point higher (6.70% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

| Healthcare Cost Trend | | |
|--|--|--|
| 1% Decrease (4.70% decreasing to 3.00%) | Current (5.70% decreasing to 4.00%) | 1% Increase (6.70% decreasing to 5.00%) |
| \$ 503,239 | \$ 581,431 | \$ 674,273 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 10—Other Postemployment Benefits - County Health Insurance: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the County recognized OPEB expense in the amount of \$84,799. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Primary Government | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 110,398 | \$ 27,587 |
| Change in assumptions | 27,464 | 51,157 |
| Total | <u>\$ 137,862</u> | <u>\$ 78,744</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government |
|--------------------|-----------------------|
| 2025 | \$ 24,950 |
| 2026 | 7,242 |
| 2027 | (126) |
| 2028 | 10,046 |
| 2029 | 14,172 |
| Thereafter | 2,834 |

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

Note 11—Other Postemployment Benefits - Component Unit School Board Health Insurance:

Plan Description

The School Board also administers a single-employer defined benefit healthcare plan, the Patrick County School Board Post-Retirement Medical Plan (PPSBRMP). The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The PPSBRMP does not issue a publicly available financial report.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 11—Other Postemployment Benefits - Component Unit School Board Health Insurance:
(Continued)

Benefits Provided

PPSBRMP provides health insurance benefits to eligible retirees, their spouses and dependents. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee must meet one of the following requirements:

- General and Public Safety Employees hired before July 1, 2010:
 - Attain age 50 and 10 years of service
 - Attain age 55 and 5 years of service
- General and Public Safety Employees hired after July 1, 2010:
 - Attain age 60 and 5 years of service
 - Attain age plus years of service equal to/or greater than 90.

Coverage for participants include medical, dental, and vision coverage for retirees, spouses, and dependents. School employees who do not participate in the Early Retirement Incentive Plan (ERIP) are responsible for the entire premium creating the implicit rate subsidy. School employees that do participate in the ERIP, effective, October 1, 2017, will receive \$487.50 per month toward medical premiums for up to seven years.

Plan Membership

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Total active employees with coverage | 432 |
| Total retirees with coverage | 8 |
| Total spouses of retirees with coverage | <u>1</u> |
| Total | <u><u>441</u></u> |

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$135,658.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 11—Other Postemployment Benefits - Component Unit School Board Health Insurance:
(Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------------|---|
| Actuarial Cost Method | Entry age normal level % of salary |
| Discount Rate | 3.93% as of June 30, 2024 |
| Inflation | 2.50% per year as of June 30, 2024 |
| School Board Participation Rate | It is assumed 50% of future retirees who are eligible for ERIP at retirement do not elect to participate. Of the 50%, we assume 20% elect retiree health coverage. |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075. |
| Retirement Age | The average age at retirement is estimated based on probability of retirement. |
| Mortality Rates | The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees). |

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2024.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 11—Other Postemployment Benefits - Component Unit School Board Health Insurance:
(Continued)

Changes in Total OPEB Liability

| | Component Unit School Board Total OPEB Liability |
|----------------------------------|--|
| Balance at June 30, 2023 | \$ 4,209,800 |
| Changes for the year: | |
| Service cost | \$ 191,821 |
| Interest on Total OPEB Liability | 158,205 |
| Changes in assumptions | (93,196) |
| Benefit payments | (135,658) |
| Net changes | \$ 121,172 |
| Balance at June 30, 2024 | \$ 4,330,972 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate:

| Discount Rate | | |
|------------------------|--------------------|------------------------|
| 1% Decrease (2.93%) | Current (3.93%) | 1% Increase (4.93%) |
| \$ 4,670,505 | \$ 4,330,972 | \$ 4,010,964 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.70% decreasing to an ultimate rate of 3.00%) or one percentage point higher (6.70% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

| Healthcare Cost Trend | | |
|--|--|--|
| 1% Decrease (4.70% decreasing to 3.00%) | Current (5.70% decreasing to 4.00%) | 1% Increase (6.70% decreasing to 5.00%) |
| \$ 3,819,421 | \$ 4,330,972 | \$ 4,927,363 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 11—Other Postemployment Benefits - Component Unit School Board Health Insurance:
(Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$412,987. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Component Unit School Board | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 760,381 | \$ 571,937 |
| Change in assumptions | 388,981 | 477,677 |
| Total | <u>\$ 1,149,362</u> | <u>\$ 1,049,614</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

| | Year Ended June 30 | Component Unit School Board |
|------------|--------------------|--------------------------------|
| 2025 | \$ | 62,961 |
| 2026 | | 62,961 |
| 2027 | | 62,961 |
| 2028 | | 57,866 |
| 2029 | | (22,341) |
| Thereafter | | (124,660) |

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

Note 12-Group Life Insurance (GLI) Plan (OPEB) Plan:

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Plan Description (continued)

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions (continued)

Contributions to the Group Life Insurance Plan from the County were \$44,743 and \$41,143 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$13,612 and \$12,671 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$84,719 and \$79,583 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity did not record a proportionate share in the financial statements.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

Primary Government

At June 30, 2024, the entity reported a liability of \$387,978 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date as of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.03235% as compared to 0.03160% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$24,384. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

Component Unit School Board (Nonprofessional)

At June 30, 2024, the entity reported a liability of \$119,452 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date as of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00996% as compared to 0.00890% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$6,543. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Professional)

At June 30, 2024, the entity reported a liability of \$750,410 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date as of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.06257% as compared to 0.06170% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$9,030. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

| | Primary Government | | Component Unit School Board (Nonprofessional) | | Component Unit School Board (Professional) | |
|---|--------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 38,750 | \$ 11,777 | \$ 11,930 | \$ 3,626 | \$ 74,948 | \$ 22,779 |
| Net difference between projected and actual earnings on GLI OPEB plan investments | - | 15,591 | - | 4,800 | - | 30,156 |
| Change in assumptions | 8,293 | 26,881 | 2,553 | 8,276 | 16,040 | 51,991 |
| Changes in proportionate share | 15,383 | 9,680 | 15,507 | 4,362 | 10,210 | 37,553 |
| Employer contributions subsequent to the measurement date | 44,743 | - | 13,612 | - | 84,719 | - |
| Total | <u>\$ 107,169</u> | <u>\$ 63,929</u> | <u>\$ 43,602</u> | <u>\$ 21,064</u> | <u>\$ 185,917</u> | <u>\$ 142,479</u> |

\$44,743, \$13,612, and \$84,719 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (Nonprofessional) | Component Unit School Board (Professional) |
|--------------------|--------------------|---|--|
| 2025 | \$ (14) | \$ 318 | \$ (24,980) |
| 2026 | (17,073) | (3,154) | (40,160) |
| 2027 | 7,209 | 4,857 | 10,945 |
| 2028 | 2,923 | 3,575 | 3,676 |
| 2029 | 5,452 | 3,330 | 9,238 |
| Thereafter | - | - | - |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

| | |
|--|---|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| Teachers | 3.50%-5.95% |
| Locality - General employees | 3.50%-5.35% |
| Locality - Hazardous Duty employees | 3.50%-4.75% |
| Investment rate of return | 6.75%, net of investment expenses, including inflation |

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience and changed final retirement age from 65 to 70 |
| Withdrawal Rates | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

| | | GLI OPEB Plan |
|--------------------------------|----|--------------------------|
| Total GLI OPEB Liability | \$ | 3,907,052 |
| Plan Fiduciary Net Position | | 2,707,739 |
| GLI Net OPEB Liability (Asset) | \$ | <u>1,199,313</u> |

Plan Fiduciary Net Position as a Percentage
of the Total GLI OPEB Liability

69.30%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Long-Term Target Asset Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|--|---|--|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | <u>100.00%</u> | | <u>5.75%</u> |
| | | Inflation | <u>2.50%</u> |
| | | Expected arithmetic nominal return** | <u>8.25%</u> |

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | Rate | | |
|--|--------------|------------------|-------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| County's proportionate share of the GLI Plan Net OPEB Liability | \$ 575,104 | \$ 387,978 | \$ 236,685 |
| Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability | \$ 177,065 | \$ 119,452 | \$ 72,871 |
| Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability | \$ 1,112,343 | \$ 750,410 | \$ 457,786 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

| | <u>Primary Government</u> | <u>School Board</u> |
|--|---------------------------|---------------------|
| | <u>Number</u> | <u>Number</u> |
| Inactive members or their beneficiaries currently receiving benefits | 1 | 43 |
| Vested inactive members | 1 | - |
| Active members | 50 | 97 |
| Total covered employees | 52 | 140 |

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2024 was 0.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$6,265 and \$5,762 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for the year ended June 30, 2024 was 1.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$29,848 and \$27,923 for the years ended June 30, 2024 and June 30, 2023, respectively.

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Net HIC OPEB Liability

The County's and Component Unit School Board's net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

| | |
|--|---|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| Locality - General employees | 3.50%-5.35% |
| Locality - Hazardous Duty employees | 3.50%-4.75% |
| Investment rate of return | 6.75%, net of investment expenses, including inflation |

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience and changed final retirement age from 65 to 70 |
| Withdrawal Rates | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Long-Term Target Asset Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|--|---|--|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | <u>100.00%</u> | | <u>5.75%</u> |
| | | Inflation | <u>2.50%</u> |
| | | Expected arithmetic nominal return** | <u>8.25%</u> |

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

| | Primary Government | | |
|---|------------------------------------|---------------------------------------|--|
| | Increase (Decrease) | | |
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2022 | \$ 38,045 | \$ 9,687 | \$ 28,358 |
| Changes for the year: | | | |
| Service cost | \$ 1,372 | \$ - | \$ 1,372 |
| Interest | 2,642 | - | 2,642 |
| Differences between expected and actual experience | (3,464) | - | (3,464) |
| Contributions - employer | - | 5,762 | (5,762) |
| Net investment income | - | 259 | (259) |
| Benefit payments | (540) | (540) | - |
| Administrative expenses | - | 4 | (4) |
| Other changes | - | 476 | (476) |
| Net changes | \$ 10 | \$ 5,961 | \$ (5,951) |
| Balances at June 30, 2023 | \$ 38,055 | \$ 15,648 | \$ 22,407 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Changes in Net HIC OPEB Liability (continued)

| | Component Unit School Board | | |
|---|------------------------------------|---------------------------------------|--|
| | Increase (Decrease) | | |
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2022 | \$ 255,015 | \$ 26,451 | \$ 228,564 |
| Changes for the year: | | | |
| Service cost | \$ 2,389 | \$ - | \$ 2,389 |
| Interest | 17,075 | - | 17,075 |
| Differences between expected and actual experience | (105,159) | - | (105,159) |
| Contributions - employer | - | 27,923 | (27,923) |
| Net investment income | - | 2,545 | (2,545) |
| Benefit payments | (8,879) | (8,879) | - |
| Administrative expenses | - | (70) | 70 |
| Other changes | - | 1 | (1) |
| Net changes | \$ (94,574) | \$ 21,520 | \$ (116,094) |
| Balances at June 30, 2023 | \$ 160,441 | \$ 47,971 | \$ 112,470 |

Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County's and Component Unit School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | Rate | | |
|--------------------------------|-------------|------------------|-------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| Patrick County's | | | |
| Net HIC OPEB Liability | \$ 27,297 | \$ 22,407 | \$ 18,313 |
| Component Unit School | | | |
| Board's Net HIC OPEB Liability | \$ 128,573 | \$ 112,470 | \$ 98,696 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 13—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2024, the County and Component Unit School Board recognized HIC Plan OPEB expense of \$4,069 and (\$2,745), respectively. At June 30, 2024, the County and Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Program from the following sources:

| | Primary Government | | Component Unit School Board | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 15,740 | \$ 22,786 | \$ - | \$ 79,161 |
| Net difference between projected and actual earnings on HIC OPEB plan investments | 649 | - | 259 | - |
| Change of assumptions | 6,749 | 19,819 | 11,827 | - |
| Employer contributions subsequent to the measurement date | 6,265 | - | 29,848 | - |
| Total | \$ 29,403 | \$ 42,605 | 41,934 | \$ 79,161 |

\$6,265 and \$29,848 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's and the Component Unit School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit-School Board Non-Professional |
|--------------------|--------------------|--|
| 2025 | \$ 1,373 | \$ (20,141) |
| 2026 | 1,272 | (22,755) |
| 2027 | (5,858) | (24,155) |
| 2028 | (7,828) | (24) |
| 2029 | (6,441) | - |
| Thereafter | (1,985) | - |

HIC Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$189,833 and \$178,240 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The school division did not record a proportionate share in the financial statements.

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2024, the school division reported a liability of \$1,789,627 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.14770% as compared to 0.14383% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$100,390. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (continued)

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 78,770 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 898 | - |
| Change in assumptions | 41,659 | 1,803 |
| Change in proportionate share and differences between actual and expected contributions | 42,257 | 117,614 |
| Employer contributions subsequent to the measurement date | <u>189,833</u> | <u>-</u> |
| Total | <u>\$ 274,647</u> | <u>\$ 198,187</u> |

\$189,833 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025.

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

| | | |
|------------|----|----------|
| 2025 | \$ | (45,788) |
| 2026 | | (39,540) |
| 2027 | | (18,247) |
| 2028 | | (9,869) |
| 2029 | | (2,498) |
| Thereafter | | 2,569 |

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

| | |
|---------------------------------------|---|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50%-5.95% |
| Investment rate of return | 6.75%, net of investment expenses, including inflation |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

| | | Teacher Employee HIC OPEB Plan |
|---|----|--------------------------------------|
| Total Teacher Employee HIC OPEB Liability | \$ | 1,475,471 |
| Plan Fiduciary Net Position | | 264,054 |
| Teacher Employee Net HIC OPEB Liability (Asset) | \$ | <u>1,211,417</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability | | |
| | | 17.90% |

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return: (continued)

| Asset Class (Strategy) | Long-Term Target Asset Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|--|---|---|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | 100.00% | | 5.75% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return** | 8.25% |

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | Rate | | |
|--|--------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability | \$ 2,024,268 | \$ 1,789,627 | \$ 1,590,789 |

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15-Summary of Other Postemployment Benefits (OPEB):

| | Primary Government | | | | Component Unit School Board | | | |
|---|--------------------|------------------|--------------------|--------------|-----------------------------|------------------|--------------------|--------------|
| | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense |
| County Stand-Alone Plan (Note 10) | \$ 137,862 | \$ 78,744 | \$ 581,431 | \$ 84,799 | \$ - | \$ - | \$ - | \$ - |
| School Board Stand-Alone Plan (Note 11) | - | - | - | - | 1,149,362 | 1,049,614 | 4,330,972 | 412,987 |
| VRS OPEB Plans: | | | | | | | | |
| GLI Plan (Note 12) | | | | | | | | |
| County | 107,169 | 63,929 | 387,978 | 24,384 | - | - | - | - |
| School Board Nonprofessional | - | - | - | - | 43,602 | 21,064 | 119,452 | 6,543 |
| School Board Professional | - | - | - | - | 185,917 | 142,479 | 750,410 | 9,030 |
| County HIC Plan (Note 13) | 29,403 | 42,605 | 22,407 | 4,069 | - | - | - | - |
| School Board HIC Plan (Note 13) | - | - | - | - | 41,934 | 79,161 | 112,470 | (2,745) |
| Teacher HIC Plan (Note 14) | - | - | - | - | 274,647 | 198,187 | 1,789,627 | 100,390 |
| Totals | \$ 274,434 | \$ 185,278 | \$ 991,816 | \$ 113,252 | \$ 1,695,462 | \$ 1,490,505 | \$ 7,102,931 | \$ 526,205 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2024 was as follows:

Primary Government:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------|--------------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated/amortized: | | | | |
| Land | \$ 1,197,264 | \$ - | \$ - | \$ 1,197,264 |
| Construction in progress | 49,784 | 122,486 | (57,470) | 114,800 |
| Total capital assets not being depreciated/amortized | \$ 1,247,048 | \$ 122,486 | \$ (57,470) | \$ 1,312,064 |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings and improvements | \$ 51,135,770 | \$ 71,276 | \$ (900,000) | \$ 50,307,046 |
| Machinery and equipment | 5,436,347 | 427,204 | (33,607) | 5,829,944 |
| Right-to-use lease Machinery and equipment | 318,302 | 241,651 | - | 559,953 |
| Total capital assets being depreciated/amortized | \$ 56,890,419 | \$ 740,131 | \$ (933,607) | \$ 56,696,943 |
| Accumulated depreciation/amortization: | | | | |
| Buildings and improvements | \$ (17,822,237) | \$ (1,269,025) | \$ 472,623 | \$ (18,618,639) |
| Machinery and equipment | (4,349,821) | (398,873) | 33,607 | (4,715,087) |
| Right-to-use lease Machinery and equipment | (52,244) | (75,732) | - | (127,976) |
| Total accumulated depreciation/amortization | \$ (22,224,302) | \$ (1,743,630) | \$ 506,230 | \$ (23,461,702) |
| Total capital assets being depreciated/amortized, net | \$ 34,666,117 | \$ (1,003,499) | \$ (427,377) | \$ 33,235,241 |
| Governmental activities capital assets, net | \$ 35,913,165 | \$ (881,013) | \$ (484,847) | \$ 34,547,305 |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business-type Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Infrastructure | \$ 5,053,532 | \$ - | \$ - | \$ 5,053,532 |
| Accumulated depreciation: | | | | |
| Infrastructure | \$ (1,374,933) | \$ (126,338) | \$ - | \$ (1,501,271) |
| Business-type activities capital assets, net | \$ 3,678,599 | \$ (126,338) | \$ - | \$ 3,552,261 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 16-Capital Assets: (continued)

Primary Government: (continued)

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

Governmental Activities:

| | |
|-----------------------------------|---------------|
| General government administration | \$ 59,551 |
| Judicial administration | 2,804 |
| Public safety | 671,829 |
| Public works | 141,808 |
| Health and welfare | 10,860 |
| Education | 815,008 |
| Parks, recreation, and cultural | 21,425 |
| Community development | <u>20,345</u> |

Total depreciation/amortization expense-governmental activities \$ 1,743,630

Business-type Activities:

| | |
|----------|-------------------|
| PSA fund | <u>\$ 126,338</u> |
|----------|-------------------|

The remainder of this page is left blank intentionally.

County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2024 (continued)**

Note 16-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2024 was as follows:

Discretely Presented Component Unit:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------|-----------------------|-----------------------|------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 769,576 | \$ - | \$ - | \$ 769,576 |
| Construction in progress | 2,372,748 | 2,952,438 | (5,110,950) | 214,236 |
| Total capital assets not being depreciated | <u>\$ 3,142,324</u> | <u>\$ 2,952,438</u> | <u>\$ (5,110,950)</u> | <u>\$ 983,812</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 23,402,588 | \$ 5,221,237 | \$ - | \$ 28,623,825 |
| Machinery and equipment | 13,946,332 | 1,958,831 | (196,711) | 15,708,452 |
| Right-to-use subscription asset | 145,961 | - | - | 145,961 |
| Right-to-use lease machinery and equipment | 92,911 | - | - | 92,911 |
| Total capital assets being depreciated | <u>\$ 37,587,792</u> | <u>\$ 7,180,068</u> | <u>\$ (196,711)</u> | <u>\$ 44,571,149</u> |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ (16,267,329) | \$ (1,082,286) | \$ - | \$ (17,349,615) |
| Machinery and equipment | (7,040,310) | (1,413,324) | 196,711 | (8,256,923) |
| Right-to-use subscription asset | (20,128) | (48,787) | - | (68,915) |
| Right-to-use lease machinery and equipment | (39,636) | (20,475) | - | (60,111) |
| Total accumulated depreciation | <u>\$ (23,367,403)</u> | <u>\$ (2,564,872)</u> | <u>\$ 196,711</u> | <u>\$ (25,735,564)</u> |
| Total capital assets being depreciated, net | <u>\$ 14,220,389</u> | <u>\$ 4,615,196</u> | <u>\$ -</u> | <u>\$ 18,835,585</u> |
| Governmental activities capital assets, net | <u>\$ 17,362,713</u> | <u>\$ 7,567,634</u> | <u>\$ (5,110,950)</u> | <u>\$ 19,819,397</u> |

Note 17-Risk Management:

The County and School Board are 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 and School Board 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 and School Board pay 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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 18-Contingent Liabilities:

Federal programs in which the County and discretely presented component unit School Board participate were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance 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 19-Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue is comprised of the following:

| | Government-wide Statements | Balance Sheet |
|---|-------------------------------|-----------------------|
| | Governmental Activities | Governmental Funds |
| Primary Government: | | |
| Deferred property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures | \$ - | \$ 776,593 |
| 2nd half tax assessments due in December 2024 | 4,439,328 | 4,439,328 |
| Prepaid property taxes due in December 2024, but paid in advance by taxpayers | 1,772,897 | 1,772,897 |
| Deferred opioid abatement settlement proceeds | - | 527,233 |
| Total deferred/unavailable revenue | \$ 6,212,225 | \$ 7,516,051 |

Note 20-Litigation:

As of June 30, 2024, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 21-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

| | | |
|--|----|---------|
| Morgan Boothe, Clerk of the Circuit Court | \$ | 115,000 |
| Sandra K. Stone, Treasurer | | 400,000 |
| Glennnda Morse, Commissioner of the Revenue | | 3,000 |
| Dan Smith, Sheriff | | 30,000 |
| All constitutional officers' employees: blanket bond | | 50,000 |

VaRisk 2:

| | | |
|---|----|---------|
| All Social Services employees: blanket bond | \$ | 250,000 |
|---|----|---------|

Component Unit - School Board:

Zurick North America:

| | | |
|---|----|--------|
| Jason A. Wood, Superintendent of Schools | \$ | 10,000 |
| Sarah Leigh D. Collins, Clerk of the School Board | | 10,000 |

Note 22-Self-insured Health Insurance:

The County of Patrick, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2024, a total of \$120,581 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$0 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2024 and the two previous years were as follows:

| Fiscal Year | Current Year | | | |
|-------------|---|---------------------------------------|-------------------|-------------------------------------|
| | Balance at Beginning of Fiscal Year | Claims and Changes in Estimates | Claim Payments | Balance at End of Fiscal Year |
| 2023-24 | \$ 134,291 | \$ 120,581 | \$ (134,291) | \$ 120,581 |
| 2022-23 | 385,177 | 189,255 | (440,141) | 134,291 |
| 2021-22 | 347,807 | 680,575 | (643,205) | 385,177 |

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2024 (continued)

Note 23-Pandemic Funding:

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 24, 2021, the County received its share of the first half of the CSLFRF funds. The County receive the second half on June 9, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,184,648 from the two allocations are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 24-Subsequent Events:

Subsequent to June 30, 2024, the School Board entered into a construction contract for a renovation at Blue Ridge Elementary School at a total cost of \$1,000,000. It is expected that \$300,000 of that cost will be funded with state grant funds.

Note 25-Upcoming Pronouncements:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

County of Patrick, Virginia
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

| | Budgeted Amounts | | | | Variance with Final Budget - Positive (Negative) |
|---|------------------|----------------|-------------------|----|---|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| General property taxes | \$ 16,023,010 | \$ 16,023,010 | \$ 16,840,275 | \$ | 817,265 |
| Other local taxes | 3,933,700 | 5,833,700 | 5,707,064 | | (126,636) |
| Permits, privilege fees, and regulatory licenses | 111,500 | 111,500 | 99,655 | | (11,845) |
| Fines and forfeitures | 30,000 | 30,000 | 19,411 | | (10,589) |
| Revenue from the use of money and property | 211,250 | 228,050 | 793,055 | | 565,005 |
| Charges for services | 679,000 | 738,824 | 880,470 | | 141,646 |
| Miscellaneous | 175,604 | 410,715 | 523,265 | | 112,550 |
| Recovered costs | 1,191,467 | 1,754,562 | 1,590,610 | | (163,952) |
| Intergovernmental: | | | | | |
| Commonwealth | 7,308,751 | 8,325,061 | 8,592,632 | | 267,571 |
| Federal | 2,010,417 | 2,413,052 | 3,103,537 | | 690,485 |
| Total revenues | \$ 31,674,699 | \$ 35,868,474 | \$ 38,149,974 | \$ | 2,281,500 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government administration | \$ 2,256,200 | \$ 2,350,170 | \$ 2,096,204 | \$ | 253,966 |
| Judicial administration | 1,627,053 | 1,643,149 | 1,437,078 | | 206,071 |
| Public safety | 9,552,735 | 11,064,855 | 10,833,592 | | 231,263 |
| Public works | 1,789,168 | 2,003,925 | 1,950,205 | | 53,720 |
| Health and welfare | 4,954,453 | 6,423,125 | 6,764,891 | | (341,766) |
| Education | 6,972,343 | 9,571,042 | 9,595,819 | | (24,777) |
| Parks, recreation, and cultural | 649,282 | 676,091 | 643,963 | | 32,128 |
| Community development | 2,717,522 | 2,680,129 | 1,640,545 | | 1,039,584 |
| Nondepartmental | 137,110 | 381,893 | - | | 381,893 |
| Capital projects | 258,738 | 460,559 | 374,688 | | 85,871 |
| Debt service: | | | | | |
| Principal retirement | 1,543,035 | 1,543,035 | 1,543,035 | | - |
| Interest and other fiscal charges | 1,248,671 | 1,248,671 | 1,246,741 | | 1,930 |
| Total expenditures | \$ 33,706,310 | \$ 40,046,644 | \$ 38,126,761 | \$ | 1,919,883 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (2,031,611) | \$ (4,178,170) | \$ 23,213 | \$ | 4,201,383 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | \$ 29,352 | \$ 40,729 | \$ 33,185 | \$ | (7,544) |
| Issuance of leases | - | - | 241,651 | | 241,651 |
| Total other financing sources (uses) | \$ 29,352 | \$ 40,729 | \$ 274,836 | \$ | 234,107 |
| Net change in fund balances | \$ (2,002,259) | \$ (4,137,441) | \$ 298,049 | \$ | 4,435,490 |
| Fund balances - beginning | 2,002,259 | 4,137,441 | 17,720,585 | | 13,583,144 |
| Fund balances - ending | \$ - | \$ - | \$ 18,018,634 | \$ | 18,018,634 |

County of Patrick, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 975,558 | \$ 855,745 | \$ 848,677 | \$ 848,505 | \$ 765,732 | \$ 673,187 | \$ 644,046 | \$ 635,360 | \$ 623,211 | \$ 590,605 |
| Interest | 2,223,388 | 2,149,991 | 1,969,520 | 1,871,073 | 1,754,022 | 1,625,708 | 1,573,393 | 1,480,869 | 1,413,572 | 1,342,653 |
| Changes of benefit terms | (461,374) | (427,395) | (612,254) | 50,458 | 616,890 | 818,938 | (137,413) | 302,742 | (67,963) | - |
| Differences between expected and actual experience | - | - | 1,113,587 | - | 826,679 | - | (113,907) | - | - | - |
| Changes of assumptions | (1,611,113) | (1,610,461) | (1,392,817) | (1,347,566) | (1,254,800) | (1,314,751) | (1,122,783) | (1,071,608) | (943,259) | (897,006) |
| Benefit payments | 1,126,459 | 967,880 | 1,926,713 | 1,481,111 | 2,708,523 | 1,803,082 | 843,336 | 1,347,363 | 1,025,561 | 1,036,252 |
| Net change in total pension liability | \$ 32,769,081 | \$ 31,801,201 | \$ 29,874,488 | \$ 28,393,377 | \$ 25,684,854 | \$ 23,881,772 | \$ 23,038,436 | \$ 21,691,073 | \$ 20,665,512 | \$ 19,629,260 |
| Total pension liability - beginning | \$ 33,895,540 | \$ 32,769,081 | \$ 31,801,201 | \$ 29,874,488 | \$ 28,393,377 | \$ 25,684,854 | \$ 23,881,772 | \$ 23,038,436 | \$ 21,691,073 | \$ 20,665,512 |
| Total pension liability - ending (a) | | | | | | | | | | |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 1,131,295 | \$ 910,445 | \$ 864,503 | \$ 749,869 | \$ 746,600 | \$ 648,274 | \$ 590,400 | \$ 671,160 | \$ 652,292 | \$ 683,571 |
| Contributions - employee | 361,876 | 327,976 | 312,917 | 330,161 | 314,186 | 297,343 | 279,673 | 281,457 | 265,355 | 250,495 |
| Net investment income | 1,923,832 | (38,183) | 6,521,922 | 453,746 | 1,496,095 | 1,563,432 | 2,327,266 | 334,479 | 832,521 | 2,474,387 |
| Benefit payments | (1,611,113) | (1,610,461) | (1,392,817) | (1,347,566) | (1,254,800) | (1,314,751) | (1,122,783) | (1,071,608) | (943,259) | (897,006) |
| Administrator changes | (18,848) | (18,666) | (15,981) | (15,282) | (14,563) | (13,496) | (13,419) | (11,736) | (11,275) | (13,188) |
| Other | 780 | 698 | 618 | (537) | (944) | (1,389) | (2,072) | (140) | (175) | 130 |
| Net change in plan fiduciary net position | \$ 1,787,822 | \$ (428,191) | \$ 6,291,162 | \$ 170,391 | \$ 1,286,574 | \$ 1,179,413 | \$ 2,059,065 | \$ 203,612 | \$ 795,459 | \$ 2,498,389 |
| Plan fiduciary net position - beginning | \$ 29,696,206 | \$ 30,124,397 | \$ 23,833,235 | \$ 23,662,844 | \$ 22,376,270 | \$ 21,196,857 | \$ 19,137,792 | \$ 18,934,180 | \$ 18,138,721 | \$ 15,640,332 |
| Plan fiduciary net position - ending (b) | \$ 31,484,028 | \$ 29,696,206 | \$ 30,124,397 | \$ 23,833,235 | \$ 23,662,844 | \$ 22,376,270 | \$ 21,196,857 | \$ 19,137,792 | \$ 18,934,180 | \$ 18,138,721 |
| County's net pension liability - ending (a) - (b) | \$ 2,411,512 | \$ 3,072,875 | \$ 1,676,804 | \$ 6,041,253 | \$ 4,730,533 | \$ 3,308,584 | \$ 2,684,915 | \$ 3,900,644 | \$ 2,756,893 | \$ 2,526,791 |
| Plan fiduciary net position as a percentage of the total pension liability | 92.89% | 90.62% | 94.73% | 79.78% | 83.34% | 87.12% | 88.76% | 83.07% | 87.29% | 87.77% |
| Covered payroll | \$ 7,615,731 | \$ 6,865,549 | \$ 6,493,241 | \$ 6,522,025 | \$ 6,460,418 | \$ 6,108,403 | \$ 5,520,475 | \$ 5,297,198 | \$ 5,131,869 | \$ 4,957,116 |
| County's net pension liability as a percentage of covered payroll | 31.66% | 44.76% | 25.82% | 92.63% | 73.22% | 54.16% | 48.64% | 73.64% | 53.72% | 50.97% |

County of Patrick, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit-School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 208,922 | \$ 148,271 | \$ 151,125 | \$ 170,018 | \$ 174,633 | \$ 175,109 | \$ 162,091 | \$ 171,120 | \$ 182,786 | \$ 188,901 |
| Interest | 557,437 | 549,326 | 515,014 | 513,026 | 501,073 | 490,387 | 492,127 | 495,058 | 475,467 | 456,351 |
| Differences between expected and actual experience | 235,679 | (45,131) | 33,183 | (140,241) | 38,275 | (66,039) | (144,761) | (296,338) | 13,249 | - |
| Changes of assumptions | - | - | 238,860 | - | 189,589 | - | (104,331) | - | - | - |
| Benefit payments | (588,132) | (597,770) | (558,484) | (468,230) | (454,514) | (439,080) | (420,883) | (402,524) | (380,756) | (363,578) |
| Net change in total pension liability | \$ 413,906 | \$ 54,696 | \$ 379,698 | \$ 74,573 | \$ 449,056 | \$ 160,377 | \$ (15,757) | \$ (32,684) | \$ 290,746 | \$ 281,674 |
| Total pension liability - beginning | \$ 8,343,472 | \$ 8,288,776 | \$ 7,909,078 | \$ 7,834,505 | \$ 7,385,449 | \$ 7,225,072 | \$ 7,240,829 | \$ 7,273,513 | \$ 6,982,767 | \$ 6,701,093 |
| Total pension liability - ending (a) | \$ 8,757,378 | \$ 8,343,472 | \$ 8,288,776 | \$ 7,909,078 | \$ 7,834,505 | \$ 7,385,449 | \$ 7,225,072 | \$ 7,240,829 | \$ 7,273,513 | \$ 6,982,767 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 133,687 | \$ 118,129 | \$ 106,545 | \$ 107,628 | \$ 109,545 | \$ 114,202 | \$ 114,901 | \$ 170,680 | \$ 171,319 | \$ 192,536 |
| Contributions - employee | 104,421 | 87,204 | 81,676 | 84,696 | 85,570 | 87,560 | 87,028 | 84,569 | 85,375 | 87,366 |
| Net investment income | 535,159 | (3,347) | 1,946,952 | 140,309 | 471,904 | 506,717 | 768,480 | 109,706 | 284,404 | 863,123 |
| Benefit payments | (588,132) | (597,770) | (558,484) | (468,230) | (454,514) | (439,080) | (420,883) | (402,524) | (380,756) | (363,578) |
| Administrator charges | (5,504) | (5,609) | (5,069) | (4,929) | (4,831) | (4,486) | (4,563) | (4,033) | (3,964) | (4,675) |
| Other | 214 | 198 | 182 | (164) | (296) | (448) | (679) | (47) | (59) | 45 |
| Net change in plan fiduciary net position | \$ 179,845 | \$ (401,195) | \$ 1,571,802 | \$ (140,690) | \$ 207,378 | \$ 264,465 | \$ 544,284 | \$ (41,649) | \$ 156,319 | \$ 774,817 |
| Plan fiduciary net position - beginning | \$ 8,447,876 | \$ 8,849,071 | \$ 7,277,269 | \$ 7,417,959 | \$ 7,210,581 | \$ 6,946,116 | \$ 6,401,832 | \$ 6,443,481 | \$ 6,287,162 | \$ 5,512,345 |
| Plan fiduciary net position - ending (b) | \$ 8,627,721 | \$ 8,447,876 | \$ 8,849,071 | \$ 7,277,269 | \$ 7,417,959 | \$ 7,210,581 | \$ 6,946,116 | \$ 6,401,832 | \$ 6,443,481 | \$ 6,287,162 |
| School Board's net pension liability - ending (a) - (b) | \$ 129,657 | \$ (104,404) | \$ (560,295) | \$ 631,809 | \$ 416,546 | \$ 174,868 | \$ 278,956 | \$ 838,997 | \$ 830,032 | \$ 695,605 |
| Plan fiduciary net position as a percentage of the total pension liability | 98.52% | 101.25% | 106.76% | 92.01% | 94.68% | 97.63% | 96.14% | 88.41% | 88.59% | 90.04% |
| Covered payroll | \$ 2,324,715 | \$ 1,941,458 | \$ 1,748,348 | \$ 1,770,774 | \$ 1,759,409 | \$ 1,781,608 | \$ 1,763,936 | \$ 1,720,429 | \$ 1,716,920 | \$ 1,747,308 |
| School Board's net pension liability as a percentage of covered payroll | 5.58% | -5.38% | -32.05% | 35.68% | 23.68% | 9.82% | 15.81% | 48.77% | 48.34% | 39.81% |

County of Patrick, Virginia
Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

| Date (1) | Employer's Proportion of the Net Pension Liability (Asset) (2) | Employer's | | Employer's | | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6) |
|-------------|--|---|--------------------------------------|---|--------|---|
| | | Share of the Net Pension Liability (Asset) (3) | Employer's Covered Payroll (4) | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5) | | |
| 2023 | 0.14832% | \$ 14,991,006 | \$ 14,729,461 | 101.78% | 82.45% | |
| 2022 | 0.14465% | 13,771,546 | 13,363,586 | 103.05% | 82.61% | |
| 2021 | 0.14461% | 11,226,215 | 12,722,354 | 88.24% | 85.46% | |
| 2020 | 0.14780% | 21,516,057 | 12,914,293 | 166.61% | 71.47% | |
| 2019 | 0.15235% | 20,050,126 | 12,712,025 | 157.73% | 73.51% | |
| 2018 | 0.16321% | 19,194,000 | 13,155,134 | 145.91% | 74.81% | |
| 2017 | 0.16990% | 20,894,000 | 13,363,229 | 156.35% | 72.92% | |
| 2016 | 0.17012% | 23,841,000 | 12,974,082 | 183.76% | 68.28% | |
| 2015 | 0.17090% | 21,510,000 | 12,706,299 | 169.29% | 70.68% | |
| 2014 | 0.17175% | 20,755,000 | 12,561,207 | 165.23% | 70.88% | |

County of Patrick, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2015 through June 30, 2024

| Date | Contractually Required Contribution (1)* | Contributions in Relation to Contractually Required Contribution (2)* | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|---|--|---|---|---|
| Primary Government | | | | | |
| 2024 | \$ 1,226,722 | \$ 1,226,722 | \$ - | \$ 8,283,507 | 14.81% |
| 2023 | 1,131,939 | 1,131,939 | - | 7,615,731 | 14.86% |
| 2022 | 910,445 | 910,445 | - | 6,865,549 | 13.26% |
| 2021 | 864,835 | 864,835 | - | 6,493,241 | 13.32% |
| 2020 | 750,496 | 750,496 | - | 6,522,025 | 11.51% |
| 2019 | 746,919 | 746,919 | - | 6,460,418 | 11.56% |
| 2018 | 648,526 | 648,526 | - | 6,108,403 | 10.62% |
| 2017 | 590,726 | 590,726 | - | 5,520,475 | 10.70% |
| 2016 | 671,160 | 671,160 | - | 5,297,198 | 12.67% |
| 2015 | 652,292 | 652,292 | - | 5,131,869 | 12.71% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2024 | \$ 140,650 | \$ 140,650 | \$ - | \$ 2,508,195 | 5.61% |
| 2023 | 132,774 | 132,774 | - | 2,324,715 | 5.71% |
| 2022 | 118,271 | 118,271 | - | 1,941,458 | 6.09% |
| 2021 | 106,674 | 106,674 | - | 1,748,348 | 6.10% |
| 2020 | 107,760 | 107,760 | - | 1,770,774 | 6.09% |
| 2019 | 109,273 | 109,273 | - | 1,759,409 | 6.21% |
| 2018 | 114,284 | 114,284 | - | 1,781,608 | 6.41% |
| 2017 | 114,992 | 114,992 | - | 1,763,936 | 6.52% |
| 2016 | 170,680 | 170,680 | - | 1,720,429 | 9.92% |
| 2015 | 171,319 | 171,319 | - | 1,716,920 | 9.98% |
| Component Unit School Board (professional) | | | | | |
| 2024 | \$ 2,479,076 | \$ 2,479,076 | \$ - | \$ 15,662,943 | 15.83% |
| 2023 | 2,341,108 | 2,341,108 | - | 14,729,461 | 15.89% |
| 2022 | 2,142,251 | 2,142,251 | - | 13,363,586 | 16.03% |
| 2021 | 2,045,566 | 2,045,566 | - | 12,722,354 | 16.08% |
| 2020 | 1,964,648 | 1,964,648 | - | 12,914,293 | 15.21% |
| 2019 | 1,952,976 | 1,952,976 | - | 12,712,025 | 15.36% |
| 2018 | 2,106,654 | 2,106,654 | - | 13,155,134 | 16.01% |
| 2017 | 1,933,261 | 1,933,261 | - | 13,363,229 | 14.47% |
| 2016 | 1,930,644 | 1,930,644 | - | 12,974,082 | 14.88% |
| 2015 | 1,835,096 | 1,835,096 | - | 12,706,299 | 14.44% |

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

County of Patrick, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2024

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

All Others (Non-10 Largest) - Hazardous Duty:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience and changed final retirement age from 65 to 70 |
| Withdrawal Rates | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Component Unit School Board - Professional Employees

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

County of Patrick, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government - Health Insurance
 For the Measurement Dates of June 30, 2018 through June 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | | | | |
| Service cost | \$ 38,586 | \$ 43,588 | \$ 31,752 | \$ 30,225 | \$ 27,921 | \$ 17,363 | \$ 15,596 |
| Interest | 21,263 | 14,920 | 9,256 | 10,628 | 15,288 | 12,279 | 9,877 |
| Effect of economic/demographic gains or losses | - | 143,731 | - | (61,027) | - | 37,025 | - |
| Changes in assumptions | (15,492) | (23,702) | (36,311) | 2,579 | 33,585 | 108,743 | (7,277) |
| Benefit payments | (13,657) | (11,243) | (35,910) | (36,651) | (33,221) | (25,691) | (18,235) |
| Net change in total OPEB liability | \$ 30,700 | \$ 167,294 | \$ (31,213) | \$ (54,246) | \$ 43,573 | \$ 149,719 | \$ (39) |
| Total OPEB liability - beginning | 550,731 | 383,437 | 414,650 | 468,896 | 425,323 | 275,604 | 275,643 |
| Total OPEB liability - ending | \$ 581,431 | \$ 550,731 | \$ 383,437 | \$ 414,650 | \$ 468,896 | \$ 425,323 | \$ 275,604 |
| Covered-employee payroll | \$ 7,654,095 | \$ 7,654,095 | \$ 6,387,091 | \$ 6,387,091 | \$ 6,411,197 | \$ 6,411,197 | \$ 5,453,800 |
| County's total OPEB liability as a percentage of covered-employee payroll | 7.60% | 7.20% | 6.00% | 6.49% | 7.31% | 6.63% | 5.05% |

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit - School Board - Health Insurance
For the Measurement Dates of June 30, 2018 through June 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | | | |
| Service cost | \$ 191,821 | \$ 232,035 | \$ 219,126 | \$ 196,756 | \$ 178,836 | \$ 130,150 | \$ 142,406 |
| Interest | 158,205 | 115,497 | 72,671 | 79,037 | 107,635 | 103,583 | 102,174 |
| Effect of economic/demographic gains or losses | - | 1,098,327 | - | (744,473) | - | (279,540) | - |
| Changes in assumptions | (93,196) | (210,289) | (316,474) | 295,216 | 279,152 | 218,241 | (86,103) |
| Benefit payments | (135,658) | (111,766) | (68,789) | (53,111) | (111,090) | (92,861) | (125,748) |
| Net change in total OPEB liability | \$ 121,172 | \$ 1,123,804 | \$ (93,466) | \$ (226,575) | \$ 454,533 | \$ 79,573 | \$ 32,729 |
| Total OPEB liability - beginning | 4,209,800 | 3,085,996 | 3,179,462 | 3,406,037 | 2,951,504 | 2,871,931 | 2,839,202 |
| Total OPEB liability - ending | \$ 4,330,972 | \$ 4,209,800 | \$ 3,085,996 | \$ 3,179,462 | \$ 3,406,037 | \$ 2,951,504 | \$ 2,871,931 |
| Covered-employee payroll | \$ 17,075,476 | \$ 17,075,476 | \$ 14,448,316 | \$ 14,448,316 | \$ 14,396,228 | \$ 14,396,228 | \$ 14,984,000 |
| School Board's total OPEB liability as a percentage of covered-employee payroll | 25.36% | 24.65% | 21.36% | 22.01% | 23.66% | 20.50% | 19.17% |

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Patrick, Virginia
Notes to Required Supplementary Information - Health Insurance
For the Year Ended June 30, 2024

Primary Government and Component Unit School Board

Valuation Date: 1/1/2023
Measurement Date: 6/30/2024

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

| | |
|---------------------------------|---|
| Actuarial Cost Method | Entry age normal |
| Discount Rate | 3.93% as of June 30, 2024 |
| Inflation | 2.50% per year as of June 30, 2024 |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075. |
| Retirement Age | The average age at retirement is estimated based on probability of retirement. |
| County Participation Rate | It is assumed 20% of future retirees will elect coverage and also cover a spouse. |
| School Board Participation Rate | It is assumed 50% of future retirees who are eligible for ERIP at retirement do not elect to participate. Of the 50%, we assume 20% elect retiree health coverage. |
| Mortality Rates | The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees). |

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Primary Government - Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2023 | 0.03235% \$ | 387,978 \$ | 7,618,989 | 5.09% | 69.30% |
| 2022 | 0.03160% | 380,133 | 6,865,549 | 5.54% | 67.21% |
| 2021 | 0.03140% | 365,581 | 6,493,241 | 5.63% | 67.45% |
| 2020 | 0.03168% | 528,688 | 6,522,025 | 8.11% | 52.64% |
| 2019 | 0.03306% | 537,974 | 6,481,527 | 8.30% | 52.00% |
| 2018 | 0.03212% | 488,000 | 6,108,403 | 7.99% | 51.22% |
| 2017 | 0.02993% | 451,000 | 5,520,475 | 8.17% | 48.86% |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Component Unit - School Board (nonprofessional) Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2023 | 0.00996% \$ | 119,452 \$ | 2,346,436 | 5.09% | 69.30% |
| 2022 | 0.00890% | 107,526 | 1,941,458 | 5.54% | 67.21% |
| 2021 | 0.00850% | 98,614 | 1,753,573 | 5.62% | 67.45% |
| 2020 | 0.00858% | 143,186 | 1,773,509 | 8.07% | 52.64% |
| 2019 | 0.00900% | 146,453 | 1,763,835 | 8.30% | 52.00% |
| 2018 | 0.00937% | 143,000 | 1,781,608 | 8.03% | 51.22% |
| 2017 | 0.00956% | 144,000 | 1,763,936 | 8.16% | 48.86% |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Component Unit - School Board - Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2023 | 0.06257% \$ | 750,410 | \$ 14,737,645 | 5.09% | 69.30% |
| 2022 | 0.06170% | 742,807 | 13,391,364 | 5.55% | 67.21% |
| 2021 | 0.06160% | 717,424 | 12,741,680 | 5.63% | 67.45% |
| 2020 | 0.06269% | 1,046,194 | 12,914,298 | 8.10% | 52.64% |
| 2019 | 0.06485% | 1,055,282 | 12,711,488 | 8.30% | 52.00% |
| 2018 | 0.06919% | 1,051,000 | 13,155,134 | 7.99% | 51.22% |
| 2017 | 0.07245% | 1,090,000 | 13,363,229 | 8.16% | 48.86% |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2015 through June 30, 2024

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|--|---|---|---|---|
| Primary Government | | | | | |
| 2024 | \$ 44,743 | \$ 44,743 | \$ - | \$ 8,285,751 | 0.54% |
| 2023 | 41,143 | 41,143 | - | 7,618,989 | 0.54% |
| 2022 | 37,087 | 37,087 | - | 6,865,549 | 0.54% |
| 2021 | 35,012 | 35,012 | - | 6,493,241 | 0.54% |
| 2020 | 33,915 | 33,915 | - | 6,522,025 | 0.52% |
| 2019 | 33,705 | 33,705 | - | 6,481,527 | 0.52% |
| 2018 | 31,757 | 31,757 | - | 6,108,403 | 0.52% |
| 2017 | 28,706 | 28,706 | - | 5,520,475 | 0.52% |
| 2016 | 25,427 | 25,427 | - | 5,297,198 | 0.48% |
| 2015 | 24,633 | 24,633 | - | 5,131,869 | 0.48% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2024 | \$ 13,612 | \$ 13,612 | \$ - | \$ 2,520,746 | 0.54% |
| 2023 | 12,671 | 12,671 | - | 2,346,436 | 0.54% |
| 2022 | 10,484 | 10,484 | - | 1,941,458 | 0.54% |
| 2021 | 9,469 | 9,469 | - | 1,753,573 | 0.54% |
| 2020 | 9,199 | 9,199 | - | 1,773,509 | 0.52% |
| 2019 | 9,137 | 9,137 | - | 1,763,835 | 0.52% |
| 2018 | 9,265 | 9,265 | - | 1,781,608 | 0.52% |
| 2017 | 9,172 | 9,172 | - | 1,763,936 | 0.52% |
| 2016 | 8,258 | 8,258 | - | 1,720,429 | 0.48% |
| 2015 | 8,241 | 8,241 | - | 1,716,920 | 0.48% |
| Component Unit School Board (professional) | | | | | |
| 2024 | \$ 84,719 | \$ 84,719 | \$ - | \$ 15,688,719 | 0.54% |
| 2023 | 79,583 | 79,583 | - | 14,737,645 | 0.54% |
| 2022 | 72,459 | 72,459 | - | 13,391,364 | 0.54% |
| 2021 | 68,695 | 68,695 | - | 12,741,680 | 0.54% |
| 2020 | 67,096 | 67,096 | - | 12,914,298 | 0.52% |
| 2019 | 66,120 | 66,120 | - | 12,711,488 | 0.52% |
| 2018 | 68,406 | 68,406 | - | 13,155,134 | 0.52% |
| 2017 | 69,489 | 69,489 | - | 13,363,229 | 0.52% |
| 2016 | 62,276 | 62,276 | - | 12,974,082 | 0.48% |
| 2015 | 60,990 | 60,990 | - | 12,706,299 | 0.48% |

County of Patrick, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2024

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

Non-Largest Ten Locality Employers - General Employees

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Non-Largest Ten Locality Employers - Hazardous Duty Employees

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience and changed final retirement age from 65 to 70 |
| Withdrawal Rates | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

County of Patrick, Virginia
Schedule of Changes in the County's Net OPEB Liability and Ratios
Primary Government - Health Insurance Credit (HIC) Plan
For the Measurement Date of June 30, 2018 through June 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total HIC OPEB Liability | | | | | | |
| Service cost | \$ 1,372 | \$ 5,368 | \$ 3,668 | \$ 2,892 | \$ 1,541 | \$ 1,961 |
| Interest | 2,642 | 1,777 | 1,896 | 1,022 | 1,987 | (8) |
| Differences between expected and actual experience | (3,464) | (16,814) | (13,676) | 43,767 | 323 | 28,414 |
| Changes of assumptions | - | (27,255) | 3,198 | 13,194 | 977 | - |
| Benefit payments | (540) | (3,904) | (3,980) | (4,590) | (3,473) | (240) |
| Net change in total HIC OPEB liability | \$ 10 | \$ (40,828) | \$ (8,894) | \$ 56,285 | \$ 1,355 | \$ 30,127 |
| Total HIC OPEB Liability - beginning | 38,045 | 78,873 | 87,767 | 31,482 | 30,127 | - |
| Total HIC OPEB Liability - ending (a) | \$ 38,055 | \$ 38,045 | \$ 78,873 | \$ 87,767 | \$ 31,482 | \$ 30,127 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$ 5,762 | \$ 5,033 | \$ 4,706 | \$ 2,706 | \$ 1,943 | \$ 2,501 |
| Net investment income | 259 | (18) | - | - | 69 | 23 |
| Benefit payments | (540) | (3,904) | (3,980) | (4,590) | (3,473) | (240) |
| Administrator charges | 4 | (15) | - | 1 | - | (3) |
| Other | 476 | 8,928 | - | - | - | - |
| Net change in plan fiduciary net position | \$ 5,961 | \$ 10,024 | \$ 726 | \$ (1,883) | \$ (1,461) | \$ 2,281 |
| Plan fiduciary net position - beginning | 9,687 | (337) | (1,063) | 820 | 2,281 | - |
| Plan fiduciary net position - ending (b) | \$ 15,648 | \$ 9,687 | \$ (337) | \$ (1,063) | \$ 820 | \$ 2,281 |
| County's net HIC OPEB liability - ending (a) - (b) | \$ 22,407 | \$ 28,358 | \$ 79,210 | \$ 88,830 | \$ 30,662 | \$ 27,846 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 41.12% | 25.46% | -0.43% | -1.21% | 2.60% | 7.57% |
| Covered payroll | \$ 1,694,566 | \$ 1,477,767 | \$ 1,386,564 | \$ 1,446,653 | \$ 1,493,942 | \$ 1,470,653 |
| County's net HIC OPEB liability as a percentage of covered payroll | 1.32% | 1.92% | 5.71% | 6.14% | 2.05% | 1.89% |

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Changes in the County's Net OPEB Liability and Ratios
Component Unit - School Board - Health Insurance Credit (HIC) Plan
For the Measurement Date of June 30, 2020 through June 30, 2023

| | 2023 | 2022 | 2021 | 2020 |
|--|---------------------|---------------------|---------------------|-------------------|
| Total HIC OPEB Liability | | | | |
| Service cost | \$ 2,389 | \$ 2,742 | \$ 2,531 | \$ - |
| Interest | 17,075 | 15,173 | 13,697 | - |
| Changes in benefit terms | - | - | - | 202,921 |
| Differences between expected and actual experience | (105,159) | (1,887) | - | - |
| Changes of assumptions | - | 21,453 | 7,408 | - |
| Benefit payments | (8,879) | (9,023) | - | - |
| Net change in total HIC OPEB liability | \$ (94,574) | \$ 28,458 | \$ 23,636 | \$ 202,921 |
| Total HIC OPEB Liability - beginning | 255,015 | 226,557 | 202,921 | - |
| Total HIC OPEB Liability - ending (a) | \$ 160,441 | \$ 255,015 | \$ 226,557 | \$ 202,921 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 27,923 | \$ 17,667 | \$ 15,910 | \$ - |
| Net investment income | 2,545 | (202) | 2,215 | - |
| Benefit payments | (8,879) | (9,023) | - | - |
| Administrator charges | (70) | (45) | (71) | - |
| Other | 1 | - | - | - |
| Net change in plan fiduciary net position | \$ 21,520 | \$ 8,397 | \$ 18,054 | \$ - |
| Plan fiduciary net position - beginning | 26,451 | 18,054 | - | - |
| Plan fiduciary net position - ending (b) | \$ 47,971 | \$ 26,451 | \$ 18,054 | \$ - |
| Component Unit School Board's net HIC OPEB liability - ending (a) - (b) | \$ 112,470 | \$ 228,564 | \$ 208,503 | \$ 202,921 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 29.90% | 10.37% | 7.97% | 0.00% |
| Covered payroll | \$ 2,346,436 | \$ 1,941,458 | \$ 1,748,348 | \$ - |
| County's net HIC OPEB liability as a percentage of covered payroll | 4.79% | 11.77% | 11.93% | 0.00% |

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2018 through June 30, 2024

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|--|---|---|---|---|
| Primary Government | | | | | |
| 2024 | \$ 6,265 | \$ 6,265 | \$ - | \$ 1,842,642 | 0.34% |
| 2023 | 5,762 | 5,762 | - | 1,694,566 | 0.34% |
| 2022 | 5,033 | 5,033 | - | 1,477,767 | 0.34% |
| 2021 | 4,706 | 4,706 | - | 1,386,564 | 0.34% |
| 2020 | 2,710 | 2,710 | - | 1,446,653 | 0.19% |
| 2019 | 2,844 | 2,844 | - | 1,493,942 | 0.19% |
| 2018 | 2,501 | 2,501 | - | 1,470,653 | 0.17% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2024 | \$ 29,848 | \$ 29,848 | \$ - | \$ 2,508,195 | 1.19% |
| 2023 | 27,923 | 27,923 | - | 2,346,436 | 1.19% |
| 2022 | 17,667 | 17,667 | - | 1,941,458 | 0.91% |
| 2021 | 15,910 | 15,910 | - | 1,748,348 | 0.91% |

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation for the primary government and the 2021 valuation for the School Board is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2024

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

Non-Largest Ten Locality Employers - Hazardous Duty Employees

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience and changed final retirement age from 65 to 70 |
| Withdrawal Rates | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

County of Patrick, Virginia
Schedule of School Board's Share of the Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

| Date (1) | Employer's Proportion of the Net HIC OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2023 | 0.14770% | \$ 1,789,627 | \$ 14,730,583 | 12.15% | 17.90% |
| 2022 | 0.14383% | 1,796,504 | 13,363,586 | 13.44% | 15.08% |
| 2021 | 0.14387% | 1,846,671 | 12,744,355 | 14.49% | 13.15% |
| 2020 | 0.14718% | 1,919,987 | 12,914,298 | 14.87% | 9.95% |
| 2019 | 0.15151% | 1,983,413 | 12,711,488 | 15.60% | 8.97% |
| 2018 | 0.16267% | 2,065,000 | 13,155,362 | 15.70% | 8.08% |
| 2017 | 0.16933% | 2,148,000 | 13,363,229 | 16.07% | 7.04% |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2015 through June 30, 2024

| Date | Contributions in Relation to | | | | Contributions as a % of Covered Payroll |
|------|--|--|---|---|--|
| | Contractually Required Contribution (1) | Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | |
| 2024 | \$ 189,833 | \$ 189,833 | \$ - | \$ 15,688,719 | 1.21% |
| 2023 | 178,240 | 178,240 | - | 14,730,583 | 1.21% |
| 2022 | 162,206 | 162,206 | - | 13,363,586 | 1.21% |
| 2021 | 153,962 | 153,962 | - | 12,744,355 | 1.21% |
| 2020 | 154,877 | 154,877 | - | 12,914,298 | 1.20% |
| 2019 | 152,545 | 152,545 | - | 12,711,488 | 1.20% |
| 2018 | 161,807 | 161,807 | - | 13,155,362 | 1.23% |
| 2017 | 148,332 | 148,332 | - | 13,363,229 | 1.11% |
| 2016 | 137,490 | 137,490 | - | 12,970,782 | 1.06% |
| 2015 | 134,687 | 134,687 | - | 12,706,299 | 1.06% |

County of Patrick, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2024

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

Other Supplementary Information

County of Patrick, Virginia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2024

| | Asset Forfeiture Fund | | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------|-------------|----|---|
| | Budgeted Amounts | | Actual | | |
| | Original | Final | | | |
| REVENUES | | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 2,708 | \$ | 2,708 |
| Intergovernmental: | | | | | |
| Commonwealth | - | - | 6,267 | | 6,267 |
| Total revenues | \$ - | \$ - | \$ 8,975 | \$ | 8,975 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | \$ 24,873 | \$ 24,873 | \$ 1,342 | \$ | 23,531 |
| Total expenditures | \$ 24,873 | \$ 24,873 | \$ 1,342 | \$ | 23,531 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (24,873) | \$ (24,873) | \$ 7,633 | \$ | 32,506 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | \$ (7,752) | \$ (7,752) | \$ (13,758) | \$ | (6,006) |
| Total other financing sources and uses | \$ (7,752) | \$ (7,752) | \$ (13,758) | \$ | (6,006) |
| Net change in fund balances | \$ (32,625) | \$ (32,625) | \$ (6,125) | \$ | 26,500 |
| Fund balances - beginning | 32,625 | 32,625 | 194,767 | | 162,142 |
| Fund balances - ending | \$ - | \$ - | \$ 188,642 | \$ | 188,642 |

FIDUCIARY FUNDS

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

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

Inmate Fund- The Inmate fund accounts for those funds held by the Sheriff for the Inmate Trust funds.

County of Patrick, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

| | <u>Custodial Funds</u> | | | |
|---------------------------|----------------------------|----------------------------|------------------|------------------|
| | <u>Special Welfare</u> | <u>Dehart Cemetery</u> | <u>Inmate</u> | <u>Total</u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 30,729 | \$ 6,018 | \$ 17,402 | \$ 54,149 |
| Total assets | <u>\$ 30,729</u> | <u>\$ 6,018</u> | <u>\$ 17,402</u> | <u>\$ 54,149</u> |
| NET POSITION | | | | |
| Restricted: | | | | |
| Special Welfare | \$ 30,729 | \$ - | \$ - | \$ 30,729 |
| Dehart Cemetery | - | 6,018 | - | 6,018 |
| Inmate Balances | - | - | 17,402 | 17,402 |
| Total net position | <u>\$ 30,729</u> | <u>\$ 6,018</u> | <u>\$ 17,402</u> | <u>\$ 54,149</u> |

County of Patrick, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

| | Custodial Funds | | | |
|---|----------------------------|----------------------------|-------------------|-------------------|
| | <u>Special Welfare</u> | <u>Dehart Cemetery</u> | <u>Inmate</u> | <u>Total</u> |
| ADDITIONS | | | | |
| Contributions: | | | | |
| Expenditure reimbursements | \$ 49,753 | \$ - | \$ - | \$ 49,753 |
| Miscellaneous | - | 18 | - | 18 |
| Inmate reimbursements | - | - | 131,691 | 131,691 |
| Total contributions | <u>\$ 49,753</u> | <u>\$ 18</u> | <u>\$ 131,691</u> | <u>\$ 181,462</u> |
| DEDUCTIONS | | | | |
| Special welfare payments | \$ 20,191 | \$ - | \$ - | \$ 20,191 |
| Inmate payments | - | - | 120,382 | 120,382 |
| Total deductions | <u>\$ 20,191</u> | <u>\$ -</u> | <u>\$ 120,382</u> | <u>\$ 140,573</u> |
| Net increase (decrease) in fiduciary net position | \$ 29,562 | \$ 18 | \$ 11,309 | \$ 40,889 |
| Net position - beginning | 1,167 | 6,000 | 6,093 | 13,260 |
| Net position - ending | <u>\$ 30,729</u> | <u>\$ 6,018</u> | <u>\$ 17,402</u> | <u>\$ 54,149</u> |

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2024

| | School Operating Fund | Nonmajor Fund School Activity Fund | Total |
|---|-----------------------------|---|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,899,270 | \$ - | \$ 2,899,270 |
| Cash in custody of others | 200 | 541,066 | 541,266 |
| Investments | 324,888 | - | 324,888 |
| Receivables (net of allowance for uncollectibles) | | | |
| Accounts receivable | 32,555 | - | 32,555 |
| Due from other governmental units | 671,827 | - | 671,827 |
| Inventories | 25,907 | - | 25,907 |
| Prepaid items | 417,957 | - | 417,957 |
| Total assets | <u>\$ 4,372,604</u> | <u>\$ 541,066</u> | <u>\$ 4,913,670</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 82,586 | \$ - | \$ 82,586 |
| Salaries payable | 1,486,373 | - | 1,486,373 |
| Due to primary government | 1,039,484 | - | 1,039,484 |
| Unearned revenue | 974,143 | - | 974,143 |
| Total liabilities | <u>\$ 3,582,586</u> | <u>\$ -</u> | <u>\$ 3,582,586</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid items | \$ 417,957 | \$ - | \$ 417,957 |
| Inventories | 25,907 | - | 25,907 |
| Restricted: | | | |
| Cafeteria | 763,641 | - | 763,641 |
| Committed: | | | |
| Education | 200 | - | 200 |
| Unassigned | (417,687) | 541,066 | 123,379 |
| Total fund balances | <u>\$ 790,018</u> | <u>\$ 541,066</u> | <u>\$ 1,331,084</u> |
| Total liabilities and fund balances | <u>\$ 4,372,604</u> | <u>\$ 541,066</u> | <u>\$ 4,913,670</u> |

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above \$ 1,331,084

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

| | | |
|---|---------------|------------|
| Land | \$ 769,576 | |
| Construction in progress | 214,236 | |
| Building and improvements | 11,274,210 | |
| Machinery and equipment | 7,451,529 | |
| Intangible right-to-use assets: Machinery and equipment | 32,800 | |
| Subscription asset | <u>77,046</u> | 19,819,397 |

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

| | | |
|-----------------------|------------------|-----------|
| Pension related items | \$ 5,022,882 | |
| OPEB related items | <u>1,695,462</u> | 6,718,344 |

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|-----------------------|--------------------|--------------|
| Lease liabilities | \$ (33,142) | |
| Compensated absences | (439,510) | |
| Net pension liability | (15,120,663) | |
| Net OPEB liabilities | <u>(7,102,931)</u> | (22,696,246) |

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|-----------------------|--------------------|-------------|
| Pension related items | \$ (2,133,764) | |
| OPEB related items | <u>(1,490,505)</u> | (3,624,269) |

| | | |
|---|--|---------------------|
| Net position of governmental activities | | <u>\$ 1,548,310</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, 2024

| | School Operating Fund | Nonmajor Fund School Activity Fund* | Total |
|--|-----------------------------|--|----------------------|
| REVENUES | | | |
| Revenue from the use of money and property | \$ 24,278 | \$ - | \$ 24,278 |
| Charges for services | 122,078 | 841,229 | 963,307 |
| Miscellaneous | 520,854 | - | 520,854 |
| Recovered costs | 537,595 | - | 537,595 |
| Intergovernmental: | | | |
| Local government | 9,585,819 | - | 9,585,819 |
| Commonwealth | 24,066,234 | - | 24,066,234 |
| Federal | 4,469,491 | - | 4,469,491 |
| Total revenues | <u>\$ 39,326,349</u> | <u>\$ 841,229</u> | <u>\$ 40,167,578</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Education | \$ 39,001,714 | \$ 1,164,965 | \$ 40,166,679 |
| Debt service: | | | |
| Principal retirement | 20,471 | - | 20,471 |
| Interest and other fiscal charges | 661 | - | 661 |
| Total expenditures | <u>\$ 39,022,846</u> | <u>\$ 1,164,965</u> | <u>\$ 40,187,811</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 303,503</u> | <u>\$ (323,736)</u> | <u>\$ (20,233)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ - | \$ 364,612 | \$ 364,612 |
| Transfers out | (364,612) | - | (364,612) |
| Total other financing sources and uses | <u>\$ (364,612)</u> | <u>\$ 364,612</u> | <u>\$ -</u> |
| Net change in fund balances | \$ (61,109) | \$ 40,876 | \$ (20,233) |
| Fund balances - beginning | 851,127 | 500,190 | 1,351,317 |
| Fund balances - ending | <u>\$ 790,018</u> | <u>\$ 541,066</u> | <u>\$ 1,331,084</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 | | | \$ (20,233) |
| 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 detail of items supporting this adjustment: | | | |
| Capital outlay | | \$ 4,121,556 | |
| Depreciation expense | | <u>(2,092,249)</u> | 2,029,307 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. | | | |
| Contribution of school assets as debt balances were paid completely | | | 427,377 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | | |
| State non-employer contribution to the pension plan | | | 218,708 |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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. | | | |
| Principal payments: | | | |
| Lease liabilities | | | 20,471 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. | | | |
| Change in compensated absences | | \$ 11,357 | |
| Change in net pension (asset)/liabilities and related deferred items | | 1,411,949 | |
| Change in net OPEB liabilities and related deferred items | | <u>(59,260)</u> | 1,364,046 |
| Change in net position of governmental activities | | | <u>\$ 4,039,676</u> |

*The School Activity Fund does not require a legally adopted budget.

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, 2024

| | School Operating Fund | | | |
|---|-----------------------|---------------|---------------|---|
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 1,250 | \$ 1,250 | \$ 24,278 | \$ 23,028 |
| Charges for services | 174,508 | 174,508 | 122,078 | (52,430) |
| Miscellaneous | 316,500 | 316,500 | 520,854 | 204,354 |
| Recovered costs | 244,130 | 883,345 | 537,595 | (345,750) |
| Intergovernmental: | | | | |
| Local government | 6,962,343 | 9,561,042 | 9,585,819 | 24,777 |
| Commonwealth | 25,449,389 | 25,652,006 | 24,066,234 | (1,585,772) |
| Federal | 3,627,432 | 5,322,643 | 4,469,491 | (853,152) |
| Total revenues | \$ 36,775,552 | \$ 41,911,294 | \$ 39,326,349 | \$ (2,584,945) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 36,754,420 | \$ 41,890,162 | \$ 39,001,714 | \$ 2,888,448 |
| Debt service: | | | | |
| Principal retirement | 20,471 | 20,471 | 20,471 | - |
| Interest and other fiscal charges | 661 | 661 | 661 | - |
| Total expenditures | \$ 36,775,552 | \$ 41,911,294 | \$ 39,022,846 | \$ 2,888,448 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ 303,503 | \$ 303,503 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | \$ - | \$ - | \$ (364,612) | \$ (364,612) |
| Total other financing sources and uses | \$ - | \$ - | \$ (364,612) | \$ (364,612) |
| Net change in fund balances | \$ - | \$ - | \$ (61,109) | \$ (61,109) |
| Fund balances - beginning | - | - | 851,127 | 851,127 |
| Fund balances - ending | \$ - | \$ - | \$ 790,018 | \$ 790,018 |

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 1 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 11,646,010 | \$ 11,646,010 | \$ 11,665,619 | \$ 19,609 |
| Real and personal public service corporation taxes | 550,000 | 550,000 | 548,935 | (1,065) |
| Personal property taxes | 2,700,000 | 2,700,000 | 3,405,964 | 705,964 |
| Mobile home taxes | 107,000 | 107,000 | 101,533 | (5,467) |
| Machinery and tools taxes | 800,000 | 800,000 | 833,205 | 33,205 |
| Penalties | 130,000 | 130,000 | 192,333 | 62,333 |
| Interest | 90,000 | 90,000 | 92,686 | 2,686 |
| Total general property taxes | <u>\$ 16,023,010</u> | <u>\$ 16,023,010</u> | <u>\$ 16,840,275</u> | <u>\$ 817,265</u> |
| Other local taxes: | | | | |
| Local sales and use taxes | \$ 1,800,000 | \$ 3,700,000 | \$ 3,550,904 | \$ (149,096) |
| Consumers' utility taxes | 413,000 | 413,000 | 411,908 | (1,092) |
| Consumption taxes | 55,000 | 55,000 | 52,904 | (2,096) |
| Gross receipts tax | 2,500 | 2,500 | 2,286 | (214) |
| Cigarette taxes | 47,000 | 47,000 | 42,300 | (4,700) |
| Food and beverage taxes | 401,200 | 401,200 | 381,299 | (19,901) |
| Motor vehicle licenses | 475,000 | 475,000 | 436,357 | (38,643) |
| Bank stock taxes | 40,000 | 40,000 | 6,360 | (33,640) |
| Taxes on recordation and wills | 100,000 | 100,000 | 106,709 | 6,709 |
| Transient occupancy taxes | 600,000 | 600,000 | 716,037 | 116,037 |
| Total other local taxes | <u>\$ 3,933,700</u> | <u>\$ 5,833,700</u> | <u>\$ 5,707,064</u> | <u>\$ (126,636)</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 15,000 | \$ 15,000 | \$ 13,671 | \$ (1,329) |
| Transfer fees | 1,000 | 1,000 | 917 | (83) |
| Erosion and sediment control permits | 3,000 | 3,000 | 690 | (2,310) |
| Building permits | 92,500 | 92,500 | 84,377 | (8,123) |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 111,500</u> | <u>\$ 111,500</u> | <u>\$ 99,655</u> | <u>\$ (11,845)</u> |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 30,000 | \$ 30,000 | \$ 19,411 | \$ (10,589) |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 200,250 | \$ 217,050 | \$ 782,063 | \$ 565,013 |
| Revenue from use of property | 11,000 | 11,000 | 10,992 | (8) |
| Total revenue from use of money and property | <u>\$ 211,250</u> | <u>\$ 228,050</u> | <u>\$ 793,055</u> | <u>\$ 565,005</u> |
| Charges for services: | | | | |
| Charges for courthouse maintenance | \$ - | \$ - | \$ 3,051 | \$ 3,051 |
| Charges for credit card collections | 6,000 | 9,400 | 10,994 | 1,594 |
| Charges for ambulance | 350,000 | 350,000 | 434,870 | 84,870 |
| Charges for Commonwealth's Attorney | 5,000 | 5,000 | 3,152 | (1,848) |
| Charges for sanitation and waste removal | 275,000 | 315,534 | 370,472 | 54,938 |
| Charges for parks and recreation | 18,000 | 33,890 | 35,150 | 1,260 |
| Charges for library | - | - | 970 | 970 |
| Charges for courthouse security fees | 25,000 | 25,000 | 21,811 | (3,189) |
| Total charges for services | <u>\$ 679,000</u> | <u>\$ 738,824</u> | <u>\$ 880,470</u> | <u>\$ 141,646</u> |
| Miscellaneous: | | | | |
| Local grants and donations | \$ 11,550 | \$ 15,600 | \$ 30,072 | \$ 14,472 |
| Opioid settlement miscellaneous revenue | - | - | 102,252 | 102,252 |
| Miscellaneous | 164,054 | 395,115 | 390,941 | (4,174) |
| Total miscellaneous | <u>\$ 175,604</u> | <u>\$ 410,715</u> | <u>\$ 523,265</u> | <u>\$ 112,550</u> |

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 2 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| General Fund: (Continued) | | | | |
| Revenue from local sources: (Continued) | | | | |
| Recovered costs: | | | | |
| Payroll reimbursements | \$ 620,536 | \$ 814,294 | \$ 751,059 | \$ (63,235) |
| Law enforcement | 15,000 | 15,000 | 8,100 | (6,900) |
| Other recovered costs | 157,837 | 477,174 | 230,909 | (246,265) |
| Charges for jail inmates | 398,094 | 448,094 | 594,275 | 146,181 |
| Health department | - | - | 6,267 | 6,267 |
| Total recovered costs | \$ 1,191,467 | \$ 1,754,562 | \$ 1,590,610 | \$ (163,952) |
| Total revenue from local sources | \$ 22,355,531 | \$ 25,130,361 | \$ 26,453,805 | \$ 1,323,444 |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Mobile home titling tax | \$ 40,000 | \$ 40,000 | \$ 49,565 | \$ 9,565 |
| Motor vehicle rental tax | 2,500 | 2,500 | 2,814 | 314 |
| State recordation tax | 50,000 | 50,000 | 43,471 | (6,529) |
| Personal property tax relief funds | 688,659 | 688,659 | 688,659 | - |
| Communications tax | 375,000 | 375,000 | 318,632 | (56,368) |
| Motor vehicle carriers' tax | 100 | 100 | 67 | (33) |
| Total noncategorical aid | \$ 1,156,259 | \$ 1,156,259 | \$ 1,103,208 | \$ (53,051) |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 409,021 | \$ 413,346 | \$ 428,639 | \$ 15,293 |
| Sheriff | 3,034,975 | 3,046,275 | 2,988,245 | (58,030) |
| Commissioner of revenue | 122,133 | 122,133 | 120,687 | (1,446) |
| Treasurer | 146,897 | 146,897 | 141,075 | (5,822) |
| Registrar/electoral board | 76,000 | 76,000 | 85,275 | 9,275 |
| Clerk of the circuit court | 298,693 | 298,693 | 281,627 | (17,066) |
| Total shared expenses | \$ 4,087,719 | \$ 4,103,344 | \$ 4,045,548 | \$ (57,796) |
| Other categorical aid: | | | | |
| Victim witness grant | \$ 21,109 | \$ 21,000 | \$ 21,000 | \$ - |
| State welfare funds | 826,668 | 948,832 | 854,311 | (94,521) |
| Children's services | 1,021,500 | 1,857,256 | 2,089,403 | 232,147 |
| E-911 wireless funds | 62,401 | 89,901 | 138,490 | 48,589 |
| Fire programs | 64,000 | 72,897 | 72,836 | (61) |
| Emergency service grant | 51,595 | 51,595 | 59,975 | 8,380 |
| Commission for the arts | 4,500 | 4,500 | 4,500 | - |
| Litter control grant | 13,000 | 17,067 | 17,067 | - |
| Opioid Abatement Authority | - | - | 50,000 | 50,000 |
| Justice assistance grant | - | 2,410 | 136,294 | 133,884 |
| Total other categorical aid | \$ 2,064,773 | \$ 3,065,458 | \$ 3,443,876 | \$ 378,418 |
| Total categorical aid | \$ 6,152,492 | \$ 7,168,802 | \$ 7,489,424 | \$ 320,622 |
| Total revenue from the Commonwealth | \$ 7,308,751 | \$ 8,325,061 | \$ 8,592,632 | \$ 267,571 |
| Revenue from the federal government: | | | | |
| Noncategorical aid: | | | | |
| Payments in lieu of taxes | \$ 22,000 | \$ 22,000 | \$ 26,331 | \$ 4,331 |
| Federal interest subsidy | 78,000 | 128,000 | 119,572 | (8,428) |
| Total noncategorical aid | \$ 100,000 | \$ 150,000 | \$ 145,903 | \$ (4,097) |

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 3 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| General Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the federal government: (Continued) | | | | |
| Categorical aid: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | \$ 194,350 | \$ 541,985 | \$ 1,124,745 | \$ 582,760 |
| Emergency management performance grant | 7,500 | 7,500 | - | (7,500) |
| Edward Byrne Memorial Justice Assistance Grant Program | - | - | 4,017 | 4,017 |
| Federal welfare funds | 1,604,467 | 1,604,467 | 1,710,963 | 106,496 |
| Violence against women grant | 40,000 | 45,000 | 45,000 | - |
| Highway safety grants | 20,000 | 20,000 | 28,809 | 8,809 |
| Victim witness grant | 44,100 | 44,100 | 44,100 | - |
| Total categorical aid | <u>\$ 1,910,417</u> | <u>\$ 2,263,052</u> | <u>\$ 2,957,634</u> | <u>\$ 694,582</u> |
| Total revenue from the federal government | <u>\$ 2,010,417</u> | <u>\$ 2,413,052</u> | <u>\$ 3,103,537</u> | <u>\$ 690,485</u> |
| Total General Fund | <u><u>\$ 31,674,699</u></u> | <u><u>\$ 35,868,474</u></u> | <u><u>\$ 38,149,974</u></u> | <u><u>\$ 2,281,500</u></u> |
| Nonmajor Special Revenue funds: | | | | |
| Asset Forfeiture Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 2,708 | \$ 2,708 |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Seized Assets | \$ - | \$ - | \$ 6,267 | \$ 6,267 |
| Total Asset Forfeiture fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,975</u> | <u>\$ 8,975</u> |
| Total Primary Government | <u><u>\$ 31,674,699</u></u> | <u><u>\$ 35,868,474</u></u> | <u><u>\$ 38,158,949</u></u> | <u><u>\$ 2,290,475</u></u> |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 22,725 | \$ 22,725 |
| Revenue from the use of property | 1,250 | 1,250 | 1,553 | 303 |
| Total revenue from use of money and property | <u>\$ 1,250</u> | <u>\$ 1,250</u> | <u>\$ 24,278</u> | <u>\$ 23,028</u> |
| Charges for services: | | | | |
| Cafeteria sales | \$ 132,452 | \$ 132,452 | \$ 101,104 | \$ (31,348) |
| Transportation of pupils | 42,056 | 42,056 | 20,974 | (21,082) |
| Total charges for services | <u>\$ 174,508</u> | <u>\$ 174,508</u> | <u>\$ 122,078</u> | <u>\$ (52,430)</u> |
| Miscellaneous: | | | | |
| Other miscellaneous | \$ 316,500 | \$ 316,500 | \$ 520,854 | \$ 204,354 |
| Recovered costs: | | | | |
| Other recovered costs | \$ 244,130 | \$ 883,345 | \$ 537,595 | \$ (345,750) |
| Total revenue from local sources | <u><u>\$ 736,388</u></u> | <u><u>\$ 1,375,603</u></u> | <u><u>\$ 1,204,805</u></u> | <u><u>\$ (170,798)</u></u> |

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 4 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Patrick, Virginia | \$ 6,962,343 | \$ 9,561,042 | \$ 9,585,819 | \$ 24,777 |
| Revenues from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 3,609,110 | \$ 3,609,110 | \$ 3,462,938 | \$ (146,172) |
| Basic school aid | 10,554,578 | 10,554,578 | 10,380,095 | (174,483) |
| Regular foster care | 38,435 | 38,435 | 33,497 | (4,938) |
| GED Prep | 8,203 | 8,203 | 8,173 | (30) |
| Gifted and talented | 95,766 | 95,766 | 92,951 | (2,815) |
| Remedial education | 343,015 | 343,015 | 332,934 | (10,081) |
| Textbook payment | 230,499 | 230,499 | 223,725 | (6,774) |
| Vocational standards of quality payments | 221,131 | 221,131 | 214,633 | (6,498) |
| Fringe benefits-Social security | 607,676 | 607,676 | 589,817 | (17,859) |
| Fringe benefits-Retirement | 1,413,848 | 1,413,848 | 1,372,296 | (41,552) |
| Fringe benefits-Life insurance | 43,530 | 43,530 | 42,251 | (1,279) |
| State lottery payments | 704,333 | 704,333 | 684,322 | (20,011) |
| School food | 39,771 | 39,771 | 54,752 | 14,981 |
| Early reading intervention | 142,723 | 142,723 | 109,141 | (33,582) |
| Homebound education | 30,924 | 30,924 | 10,125 | (20,799) |
| Vocational education - equipment | 43,777 | 43,777 | 4,883 | (38,894) |
| Vocational occupational preparedness | - | - | 27,856 | 27,856 |
| Special education | 1,298,930 | 1,298,930 | 1,260,755 | (38,175) |
| Regional program tuition | 30,907 | 30,907 | 101,155 | 70,248 |
| Special education - foster children | - | - | 42,060 | 42,060 |
| At risk payments | 1,341,440 | 1,341,440 | 1,274,100 | (67,340) |
| Primary class size | 624,659 | 624,659 | 594,540 | (30,119) |
| Mentor teacher program | 955 | 955 | 239 | (716) |
| English as a second language | 50,149 | 50,149 | 43,311 | (6,838) |
| Standards of Learning algebra readiness | 42,506 | 42,506 | 45,407 | 2,901 |
| No Loss Funding | 1,598,484 | 1,598,484 | 624,341 | (974,143) |
| VA preschool initiative | 450,724 | 450,724 | 367,716 | (83,008) |
| Other state funds | 6,912 | 131,912 | 181,889 | 49,977 |
| VPSSA technology grant | 232,000 | 309,617 | 307,087 | (2,530) |
| Remedial summer education | 56,419 | 56,419 | 38,487 | (17,932) |
| Supplemental support for schools | 1,587,985 | 1,587,985 | 1,540,758 | (47,227) |
| Total categorical aid | \$ 25,449,389 | \$ 25,652,006 | \$ 24,066,234 | \$ (1,585,772) |

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 5 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Adult education | \$ 50,892 | \$ 50,892 | \$ - | \$ (50,892) |
| Title I | 842,561 | 842,561 | 718,930 | (123,631) |
| Title VI-B, special education flow-through | 672,593 | 672,593 | 622,524 | (50,069) |
| Title VI-B, special education preschool | 22,046 | 22,046 | 12,983 | (9,063) |
| Vocational education | 55,652 | 55,652 | 55,133 | (519) |
| Title II, part A | 113,854 | 113,854 | 105,620 | (8,234) |
| Title III - Limited English proficient | 5,140 | 5,140 | - | (5,140) |
| Rural school program | 71,145 | 71,145 | 70,870 | (275) |
| School breakfast program | 577,509 | 577,509 | 565,906 | (11,603) |
| School lunch program | 1,156,204 | 1,156,204 | 1,146,395 | (9,809) |
| Summer feeding program | - | - | 14,874 | 14,874 |
| ESSER | - | 1,695,211 | 1,042,347 | (652,864) |
| Title IV, part A | 59,836 | 59,836 | 113,909 | 54,073 |
| Total categorical aid | <u>\$ 3,627,432</u> | <u>\$ 5,322,643</u> | <u>\$ 4,469,491</u> | <u>\$ (853,152)</u> |
| Total revenue from the federal government | <u>\$ 3,627,432</u> | <u>\$ 5,322,643</u> | <u>\$ 4,469,491</u> | <u>\$ (853,152)</u> |
| Total Discretely Presented Component Unit - School Board - School Operating Fund | <u>\$ 36,775,552</u> | <u>\$ 41,911,294</u> | <u>\$ 39,326,349</u> | <u>\$ (2,584,945)</u> |

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 1 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| General Fund: | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of supervisors | \$ 101,693 | \$ 134,986 | \$ 116,847 | \$ 18,139 |
| General and financial administration: | | | | |
| County administrator | \$ 451,905 | \$ 492,621 | \$ 505,219 | \$ (12,598) |
| Finance | 212,974 | 232,795 | 228,032 | 4,763 |
| Legal services | 62,000 | 74,000 | 61,167 | 12,833 |
| Audit services | 63,960 | 63,400 | 63,400 | - |
| Commissioner of revenue | 355,132 | 355,133 | 336,706 | 18,427 |
| DMV agent office | 72,916 | 72,487 | 63,601 | 8,886 |
| Reassessment | 100,000 | 100,000 | - | 100,000 |
| Treasurer | 467,645 | 466,940 | 403,599 | 63,341 |
| Tax mapping | 81,844 | 80,960 | 77,485 | 3,475 |
| Total general and financial administration | \$ 1,868,376 | \$ 1,938,336 | \$ 1,739,209 | \$ 199,127 |
| Board of elections: | | | | |
| Electoral board and officials | \$ 105,285 | \$ 105,285 | \$ 73,503 | \$ 31,782 |
| Registrar | 180,846 | 171,563 | 166,645 | 4,918 |
| Total board of elections | \$ 286,131 | \$ 276,848 | \$ 240,148 | \$ 36,700 |
| Total general government administration | \$ 2,256,200 | \$ 2,350,170 | \$ 2,096,204 | \$ 253,966 |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 59,094 | \$ 59,394 | \$ 58,034 | \$ 1,360 |
| General district court | 25,700 | 26,199 | 17,610 | 8,589 |
| Special magistrates | 3,350 | 3,350 | 3,201 | 149 |
| Juvenile and domestic relations court | 7,025 | 7,024 | 5,474 | 1,550 |
| Clerk of the circuit court | 536,908 | 537,806 | 425,673 | 112,133 |
| Juvenile and domestic relations court services | 24,630 | 24,630 | 4,311 | 20,319 |
| Victim witness program | 65,209 | 65,111 | 65,280 | (169) |
| Courtroom security | 246,873 | 200,481 | 192,978 | 7,503 |
| Total courts | \$ 968,789 | \$ 923,995 | \$ 772,561 | \$ 151,434 |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 658,264 | \$ 669,153 | \$ 622,531 | \$ 46,622 |
| Operation Ceasefire Grant (OCFG) | - | 50,001 | 41,986 | 8,015 |
| Total commonwealth's attorney | \$ 658,264 | \$ 719,154 | \$ 664,517 | \$ 54,637 |
| Total judicial administration | \$ 1,627,053 | \$ 1,643,149 | \$ 1,437,078 | \$ 206,071 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 3,599,472 | \$ 4,293,097 | \$ 4,555,369 | \$ (262,272) |
| Sheriff-school resource officer | 573,860 | 538,734 | 536,280 | 2,454 |
| Total law enforcement and traffic control | \$ 4,173,332 | \$ 4,831,831 | \$ 5,091,649 | \$ (259,818) |
| Fire and rescue services: | | | | |
| E-911 department | \$ 631,105 | \$ 716,092 | \$ 667,861 | \$ 48,231 |
| Volunteer fire departments | 455,425 | 424,085 | 414,498 | 9,587 |
| Volunteer emergency operations | 1,127,661 | 1,103,820 | 1,059,387 | 44,433 |
| Total fire and rescue services | \$ 2,214,191 | \$ 2,243,997 | \$ 2,141,746 | \$ 102,251 |
| Correction and detention: | | | | |
| Sheriff-correction and detention | \$ 2,417,029 | \$ 3,191,451 | \$ 3,009,589 | \$ 181,862 |
| Juvenile detention | 16,957 | 16,957 | 21,196 | (4,239) |
| Total correction and detention | \$ 2,433,986 | \$ 3,208,408 | \$ 3,030,785 | \$ 177,623 |

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 2 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| General Fund: (Continued) | | | | |
| Public safety: (Continued) | | | | |
| Inspections: | | | | |
| Building | \$ 168,032 | \$ 231,209 | \$ 130,893 | \$ 100,316 |
| Other protection: | | | | |
| Animal control | \$ 207,312 | \$ 202,892 | \$ 187,584 | \$ 15,308 |
| Medical examiner | 500 | 500 | 420 | 80 |
| Storm water management | 93,786 | 93,808 | 86,706 | 7,102 |
| Emergency services | 261,596 | 252,210 | 163,809 | 88,401 |
| Total other protection | \$ 563,194 | \$ 549,410 | \$ 438,519 | \$ 110,891 |
| Total public safety | \$ 9,552,735 | \$ 11,064,855 | \$ 10,833,592 | \$ 231,263 |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Public service authority | \$ - | \$ 15,822 | \$ 15,822 | \$ - |
| Refuse collection and disposal | 857,516 | 912,539 | 877,929 | 34,610 |
| Total sanitation and waste removal | \$ 857,516 | \$ 928,361 | \$ 893,751 | \$ 34,610 |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 931,652 | \$ 1,075,564 | \$ 1,056,454 | \$ 19,110 |
| Total public works | \$ 1,789,168 | \$ 2,003,925 | \$ 1,950,205 | \$ 53,720 |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | \$ 129,947 | \$ 129,947 | \$ 129,947 | \$ - |
| Behavioral health and development services: | | | | |
| Contribution to local community services board | \$ 71,179 | \$ 71,179 | \$ 71,179 | \$ - |
| Behavioral health | 35,000 | 34,667 | 24,356 | 10,311 |
| Total behavioral health and development services | \$ 106,179 | \$ 105,846 | \$ 95,535 | \$ 10,311 |
| Welfare: | | | | |
| Public assistance | \$ 3,105,541 | \$ 3,419,814 | \$ 3,263,484 | \$ 156,330 |
| Children's Services Act (CSA) | 1,610,534 | 2,765,266 | 3,273,673 | (508,407) |
| Contribution to area on aging | 2,252 | 2,252 | 2,252 | - |
| Total welfare | \$ 4,718,327 | \$ 6,187,332 | \$ 6,539,409 | \$ (352,077) |
| Total health and welfare | \$ 4,954,453 | \$ 6,423,125 | \$ 6,764,891 | \$ (341,766) |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contribution to County School Board | \$ 6,962,343 | \$ 9,561,042 | \$ 9,585,819 | \$ (24,777) |
| Contributions to Community College | 10,000 | 10,000 | 10,000 | - |
| Total education | \$ 6,972,343 | \$ 9,571,042 | \$ 9,595,819 | \$ (24,777) |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Supervision of parks and recreation | \$ 352,358 | \$ 378,834 | \$ 346,817 | \$ 32,017 |
| Library: | | | | |
| Contribution to regional library | \$ 296,924 | \$ 297,257 | \$ 297,146 | \$ 111 |
| Total parks, recreation, and cultural | \$ 649,282 | \$ 676,091 | \$ 643,963 | \$ 32,128 |

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 3 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-----------------------------|-----------------------------|-----------------------------|---|
| General Fund: (Continued) | | | | |
| Community development: | | | | |
| Planning and community development: | | | | |
| Community development | \$ 103,941 | \$ 103,941 | \$ 103,914 | \$ 27 |
| Economic development | 1,707,677 | 1,649,510 | 577,464 | 1,072,046 |
| Tourism | 632,148 | 638,990 | 680,825 | (41,835) |
| Total planning and community development | <u>\$ 2,443,766</u> | <u>\$ 2,392,441</u> | <u>\$ 1,362,203</u> | <u>\$ 1,030,238</u> |
| Environmental management: | | | | |
| Soil and water district | \$ 141,311 | \$ 151,993 | \$ 151,930 | \$ 63 |
| Cooperative extension program: | | | | |
| Extension office | \$ 132,445 | \$ 135,695 | \$ 126,412 | \$ 9,283 |
| Total community development | <u>\$ 2,717,522</u> | <u>\$ 2,680,129</u> | <u>\$ 1,640,545</u> | <u>\$ 1,039,584</u> |
| Nondepartmental: | | | | |
| Accrued leave payments | \$ 75,000 | \$ 12,072 | \$ - | \$ 12,072 |
| Other contingencies | 62,110 | 369,821 | - | 369,821 |
| Total nondepartmental | <u>\$ 137,110</u> | <u>\$ 381,893</u> | <u>\$ -</u> | <u>\$ 381,893</u> |
| Capital projects: | | | | |
| Other capital projects | \$ 258,738 | \$ 460,559 | \$ 374,688 | \$ 85,871 |
| Total capital projects | <u>\$ 258,738</u> | <u>\$ 460,559</u> | <u>\$ 374,688</u> | <u>\$ 85,871</u> |
| Debt service: | | | | |
| Principal retirement | \$ 1,543,035 | \$ 1,543,035 | \$ 1,543,035 | \$ - |
| Interest and other fiscal charges | 1,248,671 | 1,248,671 | 1,246,741 | 1,930 |
| Total debt service | <u>\$ 2,791,706</u> | <u>\$ 2,791,706</u> | <u>\$ 2,789,776</u> | <u>\$ 1,930</u> |
| Total General Fund | <u><u>\$ 33,706,310</u></u> | <u><u>\$ 40,046,644</u></u> | <u><u>\$ 38,126,761</u></u> | <u><u>\$ 1,919,883</u></u> |
| Nonmajor Special Revenue funds: | | | | |
| Asset Forfeiture Fund: | | | | |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 24,873 | \$ 24,873 | \$ 1,342 | \$ 23,531 |
| Total Asset Forfeiture fund | <u>\$ 24,873</u> | <u>\$ 24,873</u> | <u>\$ 1,342</u> | <u>\$ 23,531</u> |
| Total Primary Government | <u><u>\$ 33,731,183</u></u> | <u><u>\$ 40,071,517</u></u> | <u><u>\$ 38,128,103</u></u> | <u><u>\$ 1,943,414</u></u> |

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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> |
|--|----------------------------|-------------------------|---------------|---|
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Administration of schools: | | | | |
| Administration and health services | \$ 2,123,958 | \$ 2,123,958 | \$ 2,133,634 | \$ (9,676) |
| Instruction costs: | | | | |
| Instructional costs | \$ 23,644,233 | \$ 25,752,358 | \$ 23,863,252 | \$ 1,889,106 |
| Technology | 2,180,293 | 2,180,293 | 2,017,882 | 162,411 |
| Total instruction costs | \$ 25,824,526 | \$ 27,932,651 | \$ 25,881,134 | \$ 2,051,517 |
| Operating costs: | | | | |
| Pupil transportation | \$ 2,860,083 | \$ 2,860,083 | \$ 2,763,346 | \$ 96,737 |
| Operation and maintenance of school plant | 2,910,342 | 3,410,342 | 3,281,740 | 128,602 |
| Food service and non-instructional | 1,748,247 | 1,748,247 | 1,967,277 | (219,030) |
| Facilities | 1,287,264 | 3,814,881 | 2,974,583 | 840,298 |
| Total operating costs | \$ 8,805,936 | \$ 11,833,553 | \$ 10,986,946 | \$ 846,607 |
| Total education | \$ 36,754,420 | \$ 41,890,162 | \$ 39,001,714 | \$ 2,888,448 |
| Debt service: | | | | |
| Principal retirement | \$ 20,471 | \$ 20,471 | \$ 20,471 | \$ - |
| Interest and other fiscal charges | 661 | 661 | 661 | - |
| Total debt service | \$ 21,132 | \$ 21,132 | \$ 21,132 | \$ - |
| Total Discretely Presented Component Unit - School Board - School Operating Fund | \$ 36,775,552 | \$ 41,911,294 | \$ 39,022,846 | \$ 2,888,448 |

Other Statistical Information

Table 1

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education | Parks, Recreation, and Cultural | Community Development | Interest on Long-Term Debt | Public Service Authority | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|----------------------------|--------------------------|---------------|
| 2023-24 | \$ 1,633,951 | \$ 1,368,284 | \$ 9,517,108 | \$ 2,164,574 | \$ 6,620,692 | \$ 10,838,204 | \$ 637,811 | \$ 1,527,465 | \$ 1,176,933 | \$ 237,731 | \$ 35,722,753 |
| 2022-23 | 1,545,777 | 1,368,795 | 9,010,642 | 2,190,557 | 4,455,898 | 8,168,676 | 671,233 | 1,260,272 | 1,212,851 | 227,259 | 30,111,960 |
| 2021-22 | 1,340,090 | 1,247,221 | 7,475,067 | 1,792,663 | 3,772,066 | 7,138,439 | 606,344 | 1,014,611 | 1,257,346 | 228,149 | 25,871,996 |
| 2020-21 | 1,591,139 | 1,336,335 | 8,416,494 | 2,102,031 | 3,333,505 | 5,387,904 | 625,388 | 1,391,317 | 1,180,969 | 210,758 | 25,575,840 |
| 2019-20 | 1,490,444 | 1,417,122 | 8,658,995 | 1,746,158 | 3,266,628 | 7,069,946 | 576,254 | 962,521 | 1,540,816 | 200,077 | 26,928,961 |
| 2018-19 | 1,109,138 | 1,181,361 | 7,744,249 | 1,667,628 | 2,943,181 | 5,642,790 | 685,720 | 953,239 | 1,486,013 | 341,401 | 23,754,720 |
| 2017-18 | 960,130 | 997,212 | 6,908,864 | 1,776,480 | 2,549,728 | 6,620,767 | 612,278 | 1,018,079 | 1,310,762 | 344,782 | 23,099,082 |
| 2016-17 | 949,882 | 937,298 | 6,675,438 | 2,083,874 | 2,449,863 | 6,243,278 | 543,517 | 910,975 | 1,377,032 | 360,251 | 22,531,408 |
| 2015-16 | 1,150,083 | 848,242 | 5,932,773 | 1,901,509 | 2,099,216 | 5,729,488 | 561,566 | 593,301 | 1,478,026 | 343,929 | 20,638,133 |
| 2014-15 | 1,343,304 | 800,448 | 5,852,643 | 1,475,097 | 1,804,644 | 5,593,639 | 507,656 | 894,400 | 2,022,846 | 344,843 | 20,639,520 |

Table 2

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

| Fiscal Year | PROGRAM REVENUES | | | | GENERAL REVENUES | | | | | Total |
|-------------|----------------------|------------------------------------|----------------------------------|------------------------|-------------------|----------------------------------|-------------------|--|---------------|-------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | General Property Taxes | Other Local Taxes | Unrestricted Investment Earnings | Miscellaneous (1) | Grants and Contributions Not Restricted to Specific Programs | | |
| 2023-24 | \$ 1,182,135 | \$ 9,683,984 | \$ 769,341 | \$ 16,953,757 | \$ 5,707,064 | \$ 784,771 | \$ 760,406 | \$ 1,249,111 | \$ 37,090,569 | |
| 2022-23 | 952,008 | 8,214,357 | 462,790 | 16,375,281 | 5,266,173 | 478,562 | 410,825 | 1,174,642 | 33,334,638 | |
| 2021-22 | 1,072,999 | 7,262,484 | 3,263 | 15,302,307 | 5,323,716 | 23,154 | 542,804 | 1,176,435 | 30,707,162 | |
| 2020-21 | 785,290 | 8,837,980 | - | 14,603,190 | 3,577,053 | 26,172 | 317,355 | 1,201,825 | 29,348,865 | |
| 2019-20 | 764,961 | 5,839,458 | 17,652 | 14,532,637 | 2,785,240 | 48,189 | 198,114 | 1,266,399 | 25,452,650 | |
| 2018-19 | 782,916 | 5,271,790 | 600 | 13,638,445 | 2,630,959 | 53,353 | 88,385 | 1,284,487 | 23,750,935 | |
| 2017-18 | 641,165 | 4,994,023 | - | 12,395,028 | 2,580,028 | 45,120 | 92,938 | 1,317,641 | 22,065,943 | |
| 2016-17 | 521,333 | 4,728,635 | 317,356 | 12,317,668 | 2,540,893 | 44,175 | 87,220 | 1,303,435 | 21,860,715 | |
| 2015-16 | 510,411 | 4,580,269 | - | 11,944,860 | 2,495,653 | 28,471 | 59,879 | 1,256,329 | 20,875,872 | |
| 2014-15 | 537,931 | 4,151,843 | - | 11,558,092 | 2,397,795 | 21,797 | 150,626 | 1,226,231 | 20,044,315 | |

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 | Non-departmental | Capital Projects | Debt Service | Total | | | | | | |
|-------------|-----------------------------------|-----------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|----|------------|----|-----------------------|------------------|------------------|--------------|---------|----|-----------|----|-----------|----|------------|
| | | | | | | | | | | | | | | | | | | | | | | |
| 2023-24 | \$ | 2,096,204 | \$ | 10,834,934 | \$ | 1,950,205 | \$ | 6,764,891 | \$ | 40,176,679 | \$ | 643,963 | \$ | 1,640,545 | \$ | - | \$ | 374,688 | \$ | 2,810,908 | \$ | 68,730,095 |
| 2022-23 | | 2,000,302 | | 9,955,451 | | 1,966,141 | | 4,562,988 | | 41,070,687 | | 643,037 | | 1,390,238 | | - | | 152,415 | | 2,907,203 | | 66,063,799 |
| 2021-22 | | 1,661,445 | | 8,330,501 | | 1,650,557 | | 3,767,388 | | 36,664,949 | | 557,735 | | 1,116,995 | | 21,000 | | 35,438 | | 2,854,438 | | 57,908,146 |
| 2020-21 | | 1,672,637 | | 8,554,950 | | 1,951,110 | | 3,214,619 | | 29,379,915 | | 535,378 | | 1,348,752 | | 264,006 | | 79,948 | | 2,816,673 | | 51,087,744 |
| 2019-20 | | 1,722,099 | | 7,860,618 | | 1,519,158 | | 2,988,596 | | 26,777,605 | | 508,802 | | 872,151 | | - | | 140,619 | | 2,521,180 | | 46,159,890 |
| 2018-19 | | 1,441,172 | | 7,556,037 | | 1,512,428 | | 2,891,408 | | 27,753,909 | | 513,155 | | 927,193 | | - | | 268,442 | | 6,787,148 | | 50,790,329 |
| 2017-18 | | 1,440,861 | | 7,755,603 | | 1,623,260 | | 2,639,148 | | 28,031,520 | | 579,790 | | 1,028,313 | | - | | 194,234 | | 2,202,987 | | 46,545,352 |
| 2016-17 | | 1,441,604 | | 6,637,403 | | 1,518,445 | | 2,392,126 | | 27,992,967 | | 550,873 | | 878,387 | | - | | 800,553 | | 2,575,599 | | 45,669,968 |
| 2015-16 | | 1,359,604 | | 5,882,374 | | 1,407,136 | | 2,088,069 | | 27,054,109 | | 551,805 | | 697,115 | | - | | 1,443,605 | | 2,572,960 | | 43,893,421 |
| 2014-15 | | 1,480,422 | | 6,181,115 | | 1,403,761 | | 1,844,185 | | 27,271,374 | | 547,008 | | 1,018,031 | | - | | 245,054 | | 3,396,738 | | 44,202,843 |

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

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

Table 4

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

| Fiscal Year | General Property Taxes | Other Local Taxes | Permits, Privilege Fees, Regulatory Licenses | Fines and Forfeitures | Revenue from the Use of Money and Property | Charges for Services | Miscellaneous | Recovered Costs | Inter-governmental (2) | Total |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
| | | | | | | | | | | |
| 2023-24 | \$ 16,840,275 | \$ 5,707,064 | \$ 99,655 | \$ 19,411 | \$ 820,041 | \$ 1,843,777 | \$ 1,044,119 | \$ 2,128,205 | \$ 40,238,161 | \$ 68,740,708 |
| 2022-23 | 16,348,016 | 5,266,173 | 119,548 | 21,981 | 509,912 | 794,954 | 1,905,333 | 1,461,084 | 41,981,342 | 68,408,343 |
| 2021-22 | 15,282,528 | 5,323,716 | 112,163 | 28,594 | 34,990 | 888,625 | 1,510,796 | 1,561,213 | 37,336,271 | 62,078,896 |
| 2020-21 | 14,651,305 | 3,577,053 | 88,880 | 37,064 | 26,431 | 589,039 | 1,164,993 | 1,338,969 | 34,112,674 | 55,586,408 |
| 2019-20 | 14,542,405 | 2,785,240 | 72,788 | 20,401 | 49,985 | 688,483 | 564,360 | 1,144,119 | 28,852,377 | 48,720,158 |
| 2018-19 | 13,685,589 | 2,630,959 | 68,349 | 28,190 | 55,639 | 891,321 | 675,954 | 952,745 | 28,281,222 | 47,269,968 |
| 2017-18 | 12,358,878 | 2,580,028 | 80,507 | 20,530 | 47,105 | 754,450 | 651,297 | 1,056,966 | 27,586,403 | 45,136,164 |
| 2016-17 | 12,298,113 | 2,540,893 | 64,790 | 27,388 | 47,643 | 733,652 | 758,108 | 1,035,402 | 27,802,489 | 45,308,478 |
| 2015-16 | 11,995,394 | 2,495,653 | 54,022 | 24,692 | 40,740 | 742,466 | 383,219 | 856,738 | 27,112,367 | 43,705,291 |
| 2014-15 | 11,501,012 | 2,397,795 | 66,183 | 17,507 | 28,718 | 1,117,325 | 267,955 | 1,254,924 | 26,466,051 | 43,117,470 |

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

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

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 | | Outstanding Delinquent Taxes (1) | Percent of Delinquent Taxes to Tax Levy |
|----------------|--------------------------|-----------------------------------|---------------------------------|--------------------------------------|---------------------------------|--------------------------|--------------|--|--|
| | | | | | | Total Tax Collections | to Tax Levy | | |
| 2023-24 | \$ 16,524,576 | \$ 15,871,427 | 96.05% | \$ 683,829 | \$ 16,555,256 | 100.19% | \$ 1,491,806 | 9.03% | |
| 2022-23 | 16,319,450 | 15,577,496 | 95.45% | 525,178 | 16,102,674 | 98.67% | 1,227,968 | 7.52% | |
| 2021-22 | 15,086,103 | 14,399,756 | 95.45% | 628,326 | 15,028,082 | 99.62% | 1,048,037 | 6.95% | |
| 2020-21 | 14,322,856 | 13,705,229 | 95.69% | 668,817 | 14,374,046 | 100.36% | 1,051,565 | 7.34% | |
| 2019-20 | 14,179,998 | 13,611,223 | 95.99% | 691,110 | 14,302,333 | 100.86% | 1,164,593 | 8.21% | |
| 2018-19 | 13,358,254 | 12,869,209 | 96.34% | 565,543 | 13,434,752 | 100.57% | 1,126,781 | 8.44% | |
| 2017-18 | 12,150,109 | 11,614,909 | 95.60% | 516,022 | 12,130,931 | 99.84% | 1,074,666 | 8.84% | |
| 2016-17 | 12,058,405 | 11,605,386 | 96.24% | 468,689 | 12,074,075 | 100.13% | 1,057,435 | 8.77% | |
| 2015-16 | 11,742,587 | 11,293,278 | 96.17% | 488,812 | 11,782,090 | 100.34% | 1,011,140 | 8.61% | |
| 2014-15 | 11,308,370 | 11,052,086 | 97.73% | 260,125 | 11,312,211 | 100.03% | 1,066,079 | 9.43% | |

(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 (3) | Personal Property and Mobile Homes (3) | Machinery and Tools (3) | Public Utility (2), (4) Real Estate and Personal Property | Total |
|-------------|------------------|--|-------------------------|--|------------------|
| 2023-24 | \$ 1,634,479,850 | \$ 247,759,168 | \$ 47,908,073 | \$ 74,183,162 | \$ 2,004,330,253 |
| 2022-23 | 1,618,762,300 | 237,660,769 | 48,279,707 | 78,488,844 | 1,983,191,620 |
| 2021-22 | 1,607,962,200 | 200,813,112 | 37,099,657 | 80,534,559 | 1,926,409,528 |
| 2020-21 | 1,595,935,950 | 187,775,181 | 38,629,724 | 81,559,947 | 1,903,900,802 |
| 2019-20 | 1,585,562,750 | 184,787,026 | 40,593,034 | 72,310,995 | 1,883,253,805 |
| 2018-19 | 1,577,743,350 | 180,371,173 | 40,999,490 | 110,107,807 | 1,909,221,820 |
| 2017-18 | 1,569,230,400 | 178,595,077 | 37,324,141 | 76,804,155 | 1,861,953,773 |
| 2016-17 | 1,563,661,350 | 173,386,314 | 38,492,368 | 78,496,926 | 1,854,036,958 |
| 2015-16 | 1,560,070,500 | 167,955,144 | 38,455,812 | 81,109,560 | 1,847,591,016 |
| 2014-15 | 1,655,322,650 | 166,685,416 | 34,927,504 | 75,872,248 | 1,932,807,818 |

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

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

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

(3) Fiscal year 2019 was the first year of half year real estate collections leading to 3 halves assessed.

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 |
|----------------|----------------|----------------------|---------------------------|----------------|
| 2023-24 | \$ 0.73 | \$ 1.71 | \$ 1.71 | \$ 0.73 |
| 2022-23 | 0.73 | 1.71 | 1.71 | 0.73 |
| 2021-22 | 0.68/0.73 | 1.71 | 1.71 | 0.68 |
| 2020-21 | 0.68 | 1.71 | 1.71 | 0.68 |
| 2019-20 | 0.68 | 1.71 | 1.71 | 0.68 |
| 2018-19 | 0.57/0.68 | 1.71 | 1.71 | 0.57 |
| 2017-18 | 0.57 | 1.71 | 1.71 | 0.57 |
| 2016-17 | 0.57 | 1.71 | 1.71 | 0.57 |
| 2015-16 | 0.55/0.57 | 1.71 | 1.71 | 0.55 |
| 2014-15 | 0.48/0.55 | 1.71 | 1.71 | 0.48 |

(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 Bonded Debt (3) | Gross and Net Bonded Debt(3) | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|-------------|----------------|-----------------------------------|-----------------------|------------------------------|--|----------------------------|
| 2023-24 | 17,608 | \$ 2,004,330 | \$ 28,215,290 | \$ 28,215,290 | 1.41% | \$ 1,602 |
| 2022-23 | 17,608 | 1,983,192 | 29,700,167 | 29,700,167 | 1.50% | 1,687 |
| 2021-22 | 17,608 | 1,926,410 | 31,120,937 | 31,120,937 | 1.62% | 1,767 |
| 2020-21 | 17,608 | 1,903,901 | 32,480,773 | 32,480,773 | 1.71% | 1,845 |
| 2019-20 | 18,490 | 1,883,254 | 33,713,220 | 33,713,220 | 1.79% | 1,823 |
| 2018-19 | 18,490 | 1,909,222 | 34,572,103 | 34,572,103 | 1.81% | 1,870 |
| 2017-18 | 18,490 | 1,861,954 | 33,500,213 | 33,500,213 | 1.80% | 1,812 |
| 2016-17 | 18,490 | 1,854,037 | 34,214,440 | 34,214,440 | 1.85% | 1,850 |
| 2015-16 | 18,490 | 1,847,591 | 33,993,424 | 33,993,424 | 1.84% | 1,838 |
| 2014-15 | 18,490 | 1,932,808 | 31,959,054 | 31,959,054 | 1.65% | 1,728 |

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, revenue bonds, and literary fund loans.
Excludes lease liabilities, net pension liability, compensated absences, and net OPEB liabilities.

Table 9

County of Patrick, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1), (2), (3)
Last Ten Fiscal Years

| Fiscal Year | Principal | Interest | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to General Governmental Expenditures |
|----------------|--------------|--------------|--------------------------|--|--|
| 2023-24 | \$ 1,543,035 | \$ 1,246,741 | \$ 2,789,776 | \$ 68,730,095 | 4.06% |
| 2022-23 | 1,445,618 | 1,294,491 | 2,740,109 | 66,063,799 | 4.15% |
| 2021-22 | 1,486,987 | 1,347,273 | 2,834,260 | 57,908,146 | 4.89% |
| 2020-21 | 1,302,911 | 1,399,276 | 2,702,187 | 51,087,744 | 5.29% |
| 2019-20 | 929,347 | 1,477,347 | 2,406,694 | 46,159,890 | 5.21% |
| 2018-19 | 1,346,986 | 1,557,704 | 2,904,690 | 50,790,329 | 5.72% |
| 2017-18 | 1,295,107 | 907,880 | 2,202,987 | 46,545,352 | 4.73% |
| 2016-17 | 1,105,697 | 1,469,902 | 2,575,599 | 45,669,968 | 5.64% |
| 2015-16 | 885,171 | 1,687,789 | 2,572,960 | 43,893,421 | 5.86% |
| 2014-15 | 1,265,923 | 1,719,316 | 2,985,239 | 44,202,843 | 6.75% |

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

(2) Excludes bond issuance costs.

(3) Excludes fiscal year 2019 amounts refunded.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the 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, 2024, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements, and have issued our report thereon dated February 5, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Patrick, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

County of Patrick, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of Patrick, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Patrick, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Blacksburg, Virginia
February 5, 2025



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Patrick, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB 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, 2024. The County of Patrick, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Patrick, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Patrick, Virginia's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Patrick, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Patrick, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Patrick, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Patrick, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Patrick, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Patrick, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Patrick, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Blacksburg, Virginia
February 5, 2025

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Page 1 of 2

| Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|--|---|-------------------------|
| Department of Health and Human Services: | | | |
| Pass Through Payments: | | | |
| Virginia Department of Social Services: | | | |
| Temporary Assistance for Needy Families | 93.558 | 0400123, 0400124 | \$ 171,021 |
| Child Care and Development Fund Cluster: | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 0760123, 0760124 | 41,189 |
| MaryLee Allen Promoting Safe and Stable Families Program | 93.556 | 0950122, 0950123 | 12,472 |
| Refugee and Entrant Assistance - State/Replacement Designee Administered Programs | 93.566 | 0500123, 0500124 | 759 |
| Low-Income Home Energy Assistance | 93.568 | 0600423, 0600424 | 39,117 |
| COVID-19 Elder Abuse Prevention Interventions Program | 93.747 | 8000321 | 171 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900122, 0900123 | 198 |
| Foster Care - Title IV-E | 93.658 | 1100123, 1100124 | 190,509 |
| Adoption Assistance | 93.659 | 1120123, 1120124 | 226,871 |
| Title IV-E Prevention Program | 93.472 | 1140123, 1140124 | 4,335 |
| Social Services Block Grant | 93.667 | 1000123, 1000124 | 300,082 |
| Guardianship Assistance | 93.090 | 1110123, 1110124 | 3,896 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | 9150122, 9150123 | 1,752 |
| Children's Health Insurance Program | 93.767 | 0540123, 0540124 | 3,678 |
| Medicaid Cluster: | | | |
| Medical Assistance Program | 93.778 | 1200123, 1200124 | 317,315 |
| Total Department of Health and Human Services | | | <u>\$ 1,313,365</u> |
| Department of Agriculture: | | | |
| Pass Through Payments: | | | |
| Child Nutrition Cluster: | | | |
| Virginia Department of Education: | | | |
| School Breakfast Program | 10.553 | APE40253 | \$ 565,906 |
| Summer Food Service Program for Children | 10.559 | APE60302, APE60303 | 14,874 |
| National School Lunch Program | 10.555 | APE40254, APE41108 | \$ 1,041,247 |
| Department of Agriculture: | | | |
| Food Distribution (Note 3) | 10.555 | Not available | 95,004 |
| Total Child Nutrition Cluster | | | \$ 1,717,031 |
| Team Nutrition Grants | 10.574 | APE60072 | 875 |
| Child And Adult Care Food Program | 10.558 | APE70027 | 6,013 |
| Pandemic EBT Administrative Costs | 10.649 | DOE86556 | 3,256 |
| Virginia Department of Social Services: | | | |
| SNAP Cluster: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 0010123, 0010124, 0040123, 0040124 | 397,598 |
| Total Department of Agriculture | | | <u>\$ 2,124,773</u> |
| Department of Justice: | | | |
| Pass Through Payments: | | | |
| Virginia Department of Criminal Justice Services: | | | |
| Crime Victim Assistance | 16.575 | 20V2GX0048, 15POVC22GG00681ASSI | \$ 44,100 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA21GG00258MUMU 2020WFAX0011, 15JOVW22GG00455STOP, 15JOVW23GG00605STOP | 4,017 |
| Violence Against Women Formula Grants | 16.588 | | 45,000 |
| Total Department of Justice | | | <u>\$ 93,117</u> |
| Department of Treasury: | | | |
| Direct payments: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | N/A | \$ 702,730 |
| Pass Through Payments: | | | |
| Virginia Department of Social Services: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | 9122222 | 18,219 |
| Virginia Department of Housing and Community Development: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | Not available | 40,000 |
| Virginia Department of Criminal Justice Services: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | Not available | 363,796 |
| Total Department of Treasury | | | <u>\$ 1,124,745</u> |
| Department of Transportation: | | | |
| Pass Through Payments: | | | |
| Virginia Department of Motor Vehicles: | | | |
| Highway Safety Cluster: | | | |
| State and Community Highway Safety | 20.600 | BPT-2023-53186-23186, BPT- 2024-54075-24075 | \$ 13,802 |
| Alcohol Open Container Requirements | 20.607 | ENF_AL-2023-53180-23180, ENF_AL-2024-54023-24023 | 15,007 |
| Total Department of Transportation | | | <u>\$ 28,809</u> |

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2024

Page 2 of 2

| Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|--|--|-------------------------|
| Department of Education: | | | |
| Pass Through Payments: | | | |
| Virginia Department of Education: | | | |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | APE43071 | \$ 570,635 |
| COVID-19 Special Education Grants to States | 84.027 | APE40287 | 42,794 \$ 613,429 |
| Special Education - Preschool Grants | 84.173 | APE62521, APE40286 | 22,078 |
| Total Special Education Cluster | | | \$ 635,507 |
| Title I: Grants to Local Educational Agencies | 84.010 | APE42901 | 767,566 |
| Career and Technical Education-Basic Grants to States | 84.048 | APE60031, APE600311005 | 55,133 |
| Rural Education | 84.358 | APE43481 | 70,870 |
| Supporting Effective Instruction State Grant | 84.367 | APE61480, APE61481 | 105,620 |
| Student Support and Academic Enrichment | 84.424 | APE60281, APE60019 | 65,273 |
| Education Stabilization Fund: | | | |
| COVID-19 Elementary and Secondary School Emergency Relief Fund | 84.425D | APE50185/50195 | \$ 79,383 |
| | | APE41112/50175/50183/50189/ 50193 | 962,964 |
| COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund | 84.425U | | 1,042,347 |
| Total Department of Education | | | \$ 2,742,316 |
| Total Expenditures of Federal Awards | | | \$ 7,427,125 |

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Patrick, Virginia, its blended component unit Patrick County Public Service Authority, and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect an indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2024, the School Board had \$25,907 in food commodities inventory.

Note 4 -- Subrecipients:

The County did not have any subrecipients during fiscal year 2024.

Note 5 -- 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 | \$ 3,103,537 |
| Less: Payment in lieu of taxes | (26,331) |
| Less: Interest subsidy | (119,572) |
| Total primary government | \$ 2,957,634 |
| Component Unit School Board: | |
| School Operating Fund | \$ 4,469,491 |
| Total component unit school board | \$ 4,469,491 |
| Total federal expenditures per basic financial statements | \$ 7,427,125 |

County of Patrick, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of auditors' report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes |
| Identification of major programs: | |

| <u>Assistance Listing #</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------------|--|
| 84.027/84.173 | Special Education Cluster |
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |
| 84.425 | COVID-19 Education Stabilization Fund |

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II - Financial Statement Findings

| <u>2024-001</u> | <u>Material Noncompliance</u> |
|-----------------|---|
| Criteria: | Social Services administers the Children's Services Act (CSA) program. Among those requirements, the Code of Virginia § 2.2-5206 requires the Agency to authorize and monitor expenditure of funds by each family assessment planning team. |
| Condition: | Social services was unable to locate Individual Family Service Plans (IFSP) for several payments made during the year. Further, Social services was unable to provide vendor service agreements for corresponding transactions. |
| Cause: | The CSA program incurred employee turnover during the fiscal year and documents were misplaced during the transition. |
| Effect: | Social Services may not be in compliance with State requirements. |

County of Patrick, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings (Continued)

Recommendation: We recommend Social Services periodically review IFSPs and ensure the period covers the pending expenditure as well as provides a budget sufficient to pay for the necessary service. Further, we recommend these documents be appropriately filed within case files in an organized manner to prevent loss of data during staff transition. Finally, we recommend all payments to vendors are supported with signed service agreements.

Management's Response: Management concurs with the recommendations and will implement those changes.

Section III - Federal Award Findings and Questioned Costs

2024-002 Finding in accordance with 2 CFR section 200.516(a)

Program Titles: COVID-19 Education Stabilization Fund

Assistance Listing Number: 84.425

Pass-through Entity: Virginia Department of Education

Compliance Requirement: Special Tests and Provisions

Finding Type: Noncompliance

Criteria: Construction contracts, in excess of \$2,000 financed by federal assistance funds, shall include a provision that the contractor or subcontractor pay prevailing wage rates established by the Department of Labor (DOL). In addition, the contractor or subcontractor must submit to the nonfederal entity a copy of the payroll and a statement of compliance weekly.

Condition: A Federally funded construction contract did not include the provision that the contractor or subcontractor must pay prevailing wage rates established by the DOL nor did the School Board receive certified payrolls from the contractor.

Questioned Costs: Unknown

Context: The contracts with this vendor in total were in the amount of \$165,720 for renovations at Blue Ridge Elementary. The School Board had program expenditures totaling \$1,042,347 and it appears there were only two vendors that were required to comply with these Special Tests and Provisions. The other contractor complied with these requirements.

Effect: Unable to determine if prevailing wage rates were paid on the construction contract.

Cause: The federal program is fairly new and the compliance requirement was not known by School Board personnel. In addition, guidance from the federal government was not provided by the State Funding Agency.

County of Patrick, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs (Continued)

Recommendation: Management should implement a process to review compliance requirements for all federal assistance funds grants to ensure that all compliance requirements have been met.

Management's Response: Management will review its process for reviewing compliance requirements for all federal assistance funds.

2024-003 Finding in accordance with 2 CFR section 200.516(a)

Program Titles: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)

Assistance Listing Number: 21.027

Pass-through Entity: N/A - Direct funding

Compliance Requirement: Reporting

Finding Type: Noncompliance

Criteria: The County is required to complete annual performance reporting in the Project and Expenditure Report within the Treasury's Office of Recovery Program's (ORP) reporting portal.

Condition: The County submitted the required report for the year ending March 31, 2024 in a timely manner but used information as of December 31, 2023 instead of March 31, 2024. As a result, the amount of expenditures included in the report is incorrect.

Questioned Costs: None

Context: The County submitted a report showing cumulative expenditures for the program of \$1,868,783 as of March 31, 2024, but it should have reported \$2,014,405. The \$1,868,783 amount that was reported was actually the balance as of December 31, 2023 and reported by mistake due to a misunderstanding.

Effect: The reported expenditures in the annual reporting is incorrect.

Cause: The federal program is fairly new and the reporting module and guidance has changed several times. As such, County staff misunderstood the reporting time period. The ORP portal is locked so the report can not be corrected.

Recommendation: Management should implement a process to review federal reportings to ensure they are accurate and follow up to date guidance.

Management's Response: Management will review its process for submitting federal reporting for all federal assistance funds. Further, the County will get the reporting up to date and accurate with the March 31, 2025 reporting.

County of Patrick, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

| | |
|-------------------|--|
| Finding 2023-001: | The School Board overlooked obtaining bids for painting services that totaled \$286,301. These painting services exceeded the Virginia Public Procurement Act threshold for requiring bids and therefore, the School Board may not have been in compliance with the Act. |
| Current Status: | Corrected - no issues noted with current year procurements. |