

**DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
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FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Board of Directors
Dickenson County Public Service Authority
Clintwood, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Dickenson County Public Service Authority, a component unit of Dickenson County, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Dickenson County Public Service Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Dickenson County Public Service Authority, as of June 30, 2021, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension funding on pages 23-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dickenson County Public Service Authority's basic financial statements. The other supplementary information and statistical information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021 on our consideration of Dickenson County Public Service Authority'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 the Authority'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 the Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia

November 8, 2021

Basic Financial Statements

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)

Statement of Net Position

As of June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,890,153
Restricted cash and cash equivalents:	
Customer deposits	334,167
Accounts receivable (net of allowance for uncollectibles)	222,535
Due from Dickenson County, Virginia	76,631
Total current assets	\$ 3,523,486

Noncurrent assets:

Restricted cash and cash equivalents:	
Revenue bond covenant accounts	\$ 338,319
Capital assets (net of accumulated depreciation):	
Land	34,592
Water and sewer systems	35,829,645
Buildings and improvements	216,730
Equipment and software	314,918
Total noncurrent assets	\$ 36,734,204

Total assets	\$ 40,257,690
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DEFERRED OUTFLOWS OF RESOURCES

Pension related items	\$ 270,571
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LIABILITIES

Current liabilities:

Accounts payable - operations	\$ 69,142
Accounts payable - construction	5,948
Customer deposits payable	334,167
Interest payable	7,633
Compensated absences - current portion	120,993
Revenue bonds payable - current portion	357,519
Total current liabilities	\$ 895,402

Noncurrent liabilities:

Net pension liability	\$ 692,487
Compensated absences - net of current portion	40,330
Revenue bonds payable - net of current portion	6,431,637
Total noncurrent liabilities	\$ 7,164,454

Total liabilities	\$ 8,059,856
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DEFERRED INFLOWS OF RESOURCES

Pension related items	\$ 18,395
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NET POSITION

Net investment in capital assets	\$ 29,600,781
Restricted for debt reserves	338,319
Unrestricted	2,510,910

Total net position	\$ 32,450,010
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The accompanying notes to financial statements are an integral part of this statement.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2021

Operating revenues:	
Water charges	\$ 2,037,150
Sewer charges	378,803
Coal road	449,307
Penalties	9,748
Miscellaneous	68,535
Total operating revenues	\$ 2,943,543
Operating expenses:	
Salaries and taxes	\$ 770,399
Retirement and life	137,407
Health insurance	237,188
Liability insurance	40,921
Water purchased	498,513
Utilities	129,735
Sampling	13,071
Contract services	12,451
Repairs and maintenance	459,513
Telephone and telemetry	7,190
Legal and professional services	15,039
Office expense	27,459
Postage and shipping	16,683
Advertising	898
Accounting	16,748
Equipment expense	5,235
Vehicle expense	49,176
Travel	733
Miscellaneous	46,581
Depreciation	1,064,344
Total operating expenses	\$ 3,549,284
Operating income (loss)	\$ (605,741)
Nonoperating revenues (expenses):	
Interest income	\$ 867
Loss on disposal of asset	(60,307)
Interest expense	(108,283)
Bond issuance costs	(48,700)
Total nonoperating revenues (expenses)	\$ (216,423)
Income (loss) before capital contributions	\$ (822,164)
Capital contributions:	
Federal grants	\$ 30,000
Other grants	329,700
Total capital contributions	\$ 359,700
Change in net position	\$ (462,464)
Net position, beginning of year	32,912,474
Net position, end of year	\$ 32,450,010

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

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 2,968,984
Payments to employees for services	(1,066,018)
Payments to suppliers for goods and services	(1,306,650)
Net cash provided by (used for) operating activities	\$ 596,316
Cash flows from capital and related financing activities:	
Construction/acquisition of capital assets	\$ (483,439)
Contributions and grants	372,000
Proceeds from issuance of debt	1,246,000
Bond issuance costs	(48,700)
Principal paid on debt	(1,673,838)
Interest paid on debt	(105,353)
Net cash provided by (used for) capital and related financing activities	\$ (693,330)
Cash flows from investing activities:	
Interest income	\$ 867
Increase (decrease) in cash and cash equivalents	\$ (96,147)
Cash and cash equivalents at beginning of year (including restricted cash and cash equivalents of \$657,550)	3,658,786
Cash and cash equivalents at end of year (including restricted cash and cash equivalents of \$672,486)	\$ 3,562,639
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (605,741)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,064,344
Changes in operating assets and liabilities and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	7,600
(Increase) decrease in prepaid items	33,488
(Increase) decrease in due from Dickenson County, Virginia	2,931
(Increase) decrease in deferred outflows of resources	(97,658)
Increase (decrease) in operating payables	174,583
Increase (decrease) in customer deposits	(192)
Increase (decrease) in compensated absences	14,910
Increase (decrease) in net pension liability	12,555
Increase (decrease) in deferred inflows of resources	(10,504)
Net cash provided by (used for) operating activities	\$ 596,316
Noncash investing, capital, or financing activities:	
Construction payables	\$ 5,948

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

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Dickenson County Public Service Authority 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. The Financial Reporting Entity:

The Authority is a discretely presented component unit of the County of Dickenson, Virginia and is presented as such in the County's financial report for the fiscal year ended June 30, 2021.

B. Basis of Accounting:

Proprietary Funds - The accrual basis of accounting is used for the Authority. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water and sewer systems), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water and sewer systems	5-40
Equipment and software	3-10
Buildings and improvements	30-50

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Allowance for Uncollectible Accounts:

The Authority calculates its allowance for uncollectible accounts using historical collection data. At June 30, 2021, the allowance amounted to approximately \$171,787.

E. Cash, Cash Equivalents, and Investments:

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

F. Use of Estimates:

The preparation of financial statements in conformity with U.S. 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.

G. Restricted Net Position:

Included in restricted cash and cash equivalents are amounts held in debt service reserve accounts in the amounts of \$338,319.

H. Net Position:

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 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.

Sometimes the Authority 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

J. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. For more detailed information on these items, reference the pension note.

K. 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 Authority's Retirement Plan and the additions to/deductions from the Authority'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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

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

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and 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). For the year ended June 30, 2021, the Authority does not have any investments.

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION:

A summary of changes in capital assets for the year follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 34,592	\$ -	\$ -	\$ 34,592
Construction in progress	672,343	371,501	(1,043,844)	-
Total assets not being depreciated	<u>\$ 706,935</u>	<u>\$ 371,501</u>	<u>\$ (1,043,844)</u>	<u>\$ 34,592</u>
Capital assets being depreciated:				
Water and sewer systems	\$ 48,133,300	\$ 1,043,844	\$ (110,431)	\$ 49,066,713
Buildings and improvements	301,337	-	-	301,337
Equipment and software	1,207,752	40,493	(49,141)	1,199,104
Total assets being depreciated	<u>\$ 49,642,389</u>	<u>\$ 1,084,337</u>	<u>\$ (159,572)</u>	<u>\$ 50,567,154</u>
Accumulated Depreciation:				
Water and sewer systems	\$ (12,305,858)	\$ (981,334)	\$ 50,124	\$ (13,237,068)
Buildings and improvements	(74,969)	(9,638)	-	(84,607)
Equipment and software	(859,955)	(73,372)	49,141	(884,186)
Total accumulated depreciation	<u>\$ (13,240,782)</u>	<u>\$ (1,064,344)</u>	<u>\$ 99,265</u>	<u>\$ (14,205,861)</u>
Total assets being depreciated, net	<u>\$ 36,401,607</u>	<u>\$ 19,993</u>	<u>\$ (60,307)</u>	<u>\$ 36,361,293</u>
Total capital assets, net	<u>\$ 37,108,542</u>	<u>\$ 391,494</u>	<u>\$ (1,104,151)</u>	<u>\$ 36,395,885</u>

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 4 - LONG-TERM OBLIGATIONS:

Changes in Long-term Obligations:

The following is a summary of changes in long-term obligations of the Authority for the fiscal year ended June 30, 2021:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
Revenue bonds	\$ 7,216,994	\$ 1,246,000	\$ (1,673,838)	\$ 6,789,156
Net pension liability	517,904	328,252	(153,669)	692,487
Compensated absences	148,768	124,131	(111,576)	161,323
Total	\$ 7,883,666	\$ 1,698,383	\$ (1,939,083)	\$ 7,642,966

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

Year Ending June 30,	Direct Borrowings and Placements	
	Revenue Bonds	
	Principal	Interest
2022	\$ 357,519	\$ 93,682
2023	363,406	89,024
2024	366,311	84,320
2025	372,339	79,462
2026	376,382	74,548
2027-2031	1,954,663	295,949
2032-2036	1,158,686	180,461
2037-2041	626,515	134,648
2042-2046	399,701	95,358
2047-2051	440,117	54,940
2052-2056	278,350	18,157
2057-2061	95,167	2,850
	<u>\$ 6,789,156</u>	<u>\$ 1,203,399</u>

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 4 - LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance at June 30	Amount Due Within One Year
Direct Borrowings and Placements: ⁽¹⁾						
Rural Development Bond ⁽²⁾	2.250%	12/15/2011	2055	\$ 273,000	\$ 235,655	\$ 5,470
Rural Development Bond ⁽²⁾	2.125%	11/28/2012	2051	598,000	525,526	11,915
Rural Development Bond ⁽²⁾	2.125%	08/20/2013	2054	594,000	530,763	11,646
Rural Development Bond ⁽²⁾	1.750%	11/18/2019	2060	805,000	782,537	14,429
Rural Development Bond ⁽²⁾	1.375%	10/06/2016	2057	436,000	404,005	8,984
Virginia Resources Authority ⁽³⁾	0.000%	12/21/2000	2031	186,130	54,009	5,685
Virginia Resources Authority ⁽³⁾	0.000%	09/27/2001	2033	540,000	207,000	18,000
Virginia Resources Authority ⁽³⁾	0.000%	02/02/2007	2038	520,795	286,437	17,360
Virginia Resources Authority ⁽³⁾	0.000%	06/13/2008	2038	321,200	182,013	10,707
Virginia Resources Authority ⁽³⁾	0.000%	07/02/2009	2040	750,000	475,000	25,000
Virginia Resources Authority ⁽³⁾	0.00%	07/02/2009	2040	480,000	304,000	16,000
Virginia Resources Authority ⁽³⁾	0.00%	09/18/2015	2036	232,885	156,187	13,945
Virginia Resources Authority ⁽³⁾	3.30%	12/20/2017	2033	1,881,000	1,400,024	111,378
Powell Valley ⁽³⁾	2.00%	02/11/2021	2041	1,246,000	1,246,000	87,000
Total Revenue Bonds					<u>\$ 6,789,156</u>	<u>\$ 357,519</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 161,323	\$ 120,993
Net Pension Liability	n/a	n/a	n/a	n/a	692,487	-
Total Other Obligations					<u>\$ 853,810</u>	<u>\$ 120,993</u>
Total Long-term Obligations					<u>\$ 7,642,966</u>	<u>\$ 478,512</u>

(1) In the event of default, the lender(s) may declare the entire unpaid principal and interest balances on the revenue bonds as due and payable.

(2) Bonds have reserve requirements whereby 10% of the monthly payment(s) must be accumulated until a year's payments has been established for each individual borrowing. The Authority is considered to be in compliance with the requirement.

(3) Net revenues available for debt service must equal 115% of the current year's debt service of all parity bonds. The Authority is not in compliance with the covenant.

NOTE 5 - COMPENSATED ABSENCES:

The Authority's employees earn vacation leave at various rates. No benefit or pay is received for unused sick leave upon termination. Accumulated vacation is paid upon termination. The Authority has outstanding accrued vacation pay totaling \$161,323.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment, through the County of Dickenson. 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. However, several entities participate in the VRS plan through County of Dickenson and the participating entities report their proportionate information on the basis of a cost-sharing plan. 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.

- a. 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.
- 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.
- 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 equals 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.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN: (Continued)

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. 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. 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.

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 Authority's contractually required employer contribution rate for the year ended June 30, 2021 was 11.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 Authority were \$69,891 and \$55,094 for the years ended June 30, 2021 and June 30, 2020, respectively.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN: (Continued)

Net Pension Liability

At June 30, 2021, the Authority reported a liability of \$692,487 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2020 and 2019 as a basis for allocation. At June 30, 2020 and 2019, the Authority's proportion was 7.6243% and 8.0193%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Dickenson County Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN: (Continued)

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. 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN: (Continued)

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 Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, 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, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers 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.

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

The following presents the Authority's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Authority'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%)
Authority's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,070,986	\$ 692,487	\$ 378,519

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN: (Continued)

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

For the year ended June 30, 2021, the Authority recognized pension expense of \$136,311. 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.

At June 30, 2021, the Authority 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	\$ 94,772	\$ -
Change in assumptions	38,771	-
Net difference between projected and actual earnings on pension plan investments	67,137	-
Change in proportionate share	-	18,395
Employer contributions subsequent to the measurement date	<u>69,891</u>	<u>-</u>
Total	<u>\$ 270,571</u>	<u>\$ 18,395</u>

\$69,891 reported as deferred outflows of resources related to pensions resulting from the Authority'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, 2022. 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>	
2022	\$ 60,957
2023	66,050
2024	33,399
2025	21,879

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 - PENSION PLAN: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 7 - RISK MANAGEMENT:

The Authority participates with entities in a public entity risk pool for its coverage of general liability, auto, property, equipment and machinery, and crime insurance with the Virginia Association of Counties. Each member of the risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority pays the Virginia Association of Counties contributions and assessments 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, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Authority continues 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 four fiscal years.

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

Operating Lease:

The Authority entered into an operating lease for maintenance and repairs on the Authority's wastewater plant and lift stations. The lease began January 1, 2014 and continued through December 31, 2015 with an annual fee of \$158,000 payable in monthly installments. The lease will be automatically renewed for successive terms of three years unless cancelled by either party no less than 120 days prior to expiration.

NOTE 9 - LITIGATION:

At June 30, 2021, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10 - COVID-19 PANDEMIC:

The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. As such, the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and future results of operations is uncertain. Management is monitoring the global situation and impact that it may have on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

NOTE 11 - UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 11 - UPCOMING PRONOUNCEMENTS: (Continued)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Required Supplementary Information

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Pension Plan
For the Measurements Dates of June 30, 2014 through June 30, 2020

Dickenson County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
2020	7.6243%	\$ 692,487	\$ 599,457	115.52%	76.74%
2019	8.0193%	517,904	574,808	90.10%	82.38%
2018	7.9871%	366,135	566,738	64.60%	86.44%
2017	7.9871%	371,945	567,935	65.49%	85.64%
2016	8.4128%	494,447	565,268	87.47%	81.06%
2015	8.3263%	393,355	558,405	70.44%	84.15%
2014	8.3263%	319,828	551,049	58.04%	86.32%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Schedule of Employer Contributions
Pension Plan

For the Years Ended June 30, 2015 through June 30, 2021

Dickenson County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

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)
2021	\$ 69,891	\$ 69,891	\$ -	\$ 623,756	11.20%
2020	55,094	55,094	-	599,457	9.19%
2019	53,809	53,809	-	574,808	9.36%
2018	54,273	54,273	-	566,738	9.58%
2017	52,992	52,992	-	567,935	9.33%
2016	61,715	61,715	-	565,268	10.92%
2015	60,755	60,755	-	558,405	10.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Other Supplementary Information

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Combining Statement of Net Position
As of June 30, 2021

ASSETS	Water Fund	Sewer Fund	Total
Current assets:			
Cash and cash equivalents	\$ 2,373,212	\$ 516,941	\$ 2,890,153
Restricted cash and cash equivalents:			
Customer deposits	318,347	15,820	334,167
Accounts receivable (net of allowance for uncollectibles)	189,154	33,381	222,535
Interfund balances	(856,922)	856,922	-
Due from Dickenson County, Virginia	76,631	-	76,631
Total current assets	\$ 2,100,422	\$ 1,423,064	\$ 3,523,486
Noncurrent assets:			
Restricted cash and cash equivalents:			
Revenue bond covenant accounts	\$ 336,684	\$ 1,635	\$ 338,319
Capital assets (net of accumulated depreciation):			
Land	29,403	5,189	34,592
Water and sewer systems	36,160,889	12,905,824	49,066,713
Buildings and improvements	256,136	45,201	301,337
Equipment and software	1,019,238	179,866	1,199,104
Less: accumulated depreciation	(10,640,289)	(3,565,572)	(14,205,861)
Total noncurrent assets	\$ 27,162,061	\$ 9,572,143	\$ 36,734,204
Total assets	\$ 29,262,483	\$ 10,995,207	\$ 40,257,690
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 229,985	\$ 40,586	\$ 270,571
LIABILITIES			
Current liabilities:			
Accounts payable - operations	\$ 58,771	\$ 10,371	\$ 69,142
Accounts payable - construction	5,056	892	5,948
Customer deposits payable	318,347	15,820	334,167
Interest payable	1,825	5,808	7,633
Compensated absences - current portion	102,844	18,149	120,993
Revenue bonds payable - current portion	254,325	103,194	357,519
Total current liabilities	\$ 741,168	\$ 154,234	\$ 895,402
Noncurrent liabilities:			
Net pension liability	\$ 588,614	\$ 103,873	\$ 692,487
Compensated absences - net of current portion	34,281	6,049	40,330
Revenue bonds payable - net of current portion	4,524,547	1,907,090	6,431,637
Total noncurrent liabilities	\$ 5,147,442	\$ 2,017,012	\$ 7,164,454
Total liabilities	\$ 5,888,610	\$ 2,171,246	\$ 8,059,856
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 15,636	\$ 2,759	\$ 18,395
NET POSITION			
Net investment in capital assets	\$ 22,041,449	\$ 7,559,332	\$ 29,600,781
Restricted for debt reserves	336,684	1,635	338,319
Unrestricted	1,210,089	1,300,821	2,510,910
Total net position	\$ 23,588,222	\$ 8,861,788	\$ 32,450,010

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Combining Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2021

	Water Fund	Sewer Fund	Total
Operating revenues:			
Water charges	\$ 2,037,150	\$ -	\$ 2,037,150
Sewer charges	-	378,803	378,803
Coal road	449,307	-	449,307
Penalties	9,748	-	9,748
Miscellaneous	64,056	4,479	68,535
Total operating revenues	<u>\$ 2,560,261</u>	<u>\$ 383,282</u>	<u>\$ 2,943,543</u>
Operating expenses:			
Salaries and taxes	\$ 654,840	\$ 115,559	\$ 770,399
Retirement and life	116,796	20,611	137,407
Health insurance	201,610	35,578	237,188
Liability insurance	34,783	6,138	40,921
Water purchased	498,513	-	498,513
Utilities	110,275	19,460	129,735
Sampling	11,110	1,961	13,071
Contract services	10,583	1,868	12,451
Repairs and maintenance	390,586	68,927	459,513
Telephone and telemetry	6,112	1,078	7,190
Legal and professional services	12,783	2,256	15,039
Office expense	23,340	4,119	27,459
Postage and shipping	14,181	2,502	16,683
Advertising	763	135	898
Accounting	14,236	2,512	16,748
Equipment expense	4,450	785	5,235
Vehicle expense	41,800	7,376	49,176
Travel	623	110	733
Miscellaneous	39,594	6,987	46,581
Depreciation	793,777	270,567	1,064,344
Total operating expenses	<u>\$ 2,980,755</u>	<u>\$ 568,529</u>	<u>\$ 3,549,284</u>
Operating income (loss)	<u>\$ (420,494)</u>	<u>\$ (185,247)</u>	<u>\$ (605,741)</u>
Nonoperating revenues (expenses):			
Interest income	\$ 737	\$ 130	\$ 867
Loss on disposal of asset	(60,307)	-	(60,307)
Interest expense	(66,518)	(41,765)	(108,283)
Bond issuance costs	(6,818)	(41,882)	(48,700)
Total nonoperating revenues (expenses)	<u>\$ (132,906)</u>	<u>\$ (83,517)</u>	<u>\$ (216,423)</u>
Income (loss) before capital contributions and transfers	<u>\$ (553,400)</u>	<u>\$ (268,764)</u>	<u>\$ (822,164)</u>
Capital contributions and transfers:			
Federal grants	\$ -	\$ 30,000	\$ 30,000
Other grants	280,245	49,455	329,700
Transfers in/(out)	93,845	(93,845)	-
Total capital contributions and transfers	<u>\$ 374,090</u>	<u>\$ (14,390)</u>	<u>\$ 359,700</u>
Change in net position	<u>\$ (179,310)</u>	<u>\$ (283,154)</u>	<u>\$ (462,464)</u>
Net position, beginning of year	<u>23,767,532</u>	<u>9,144,942</u>	<u>32,912,474</u>
Net position, end of year	<u><u>\$ 23,588,222</u></u>	<u><u>\$ 8,861,788</u></u>	<u><u>\$ 32,450,010</u></u>

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Combining Statement of Cash Flows
For the Year Ended June 30, 2021

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 2,568,742	\$ 400,242	\$ 2,968,984
Payments to employees for services	(906,115)	(159,903)	(1,066,018)
Payments to suppliers for goods and services	(1,185,430)	(121,220)	(1,306,650)
Net cash provided by (used for) operating activities	\$ 477,197	\$ 119,119	\$ 596,316
Cash flows from capital and related financing activities:			
Interfund balances	\$ 32,543	\$ (32,543)	-
Construction/acquisition of capital assets	(466,648)	(16,791)	(483,439)
Contributions and grants	280,245	91,755	372,000
Proceeds from issuance of debt	174,440	1,071,560	1,246,000
Bond issuance costs	(6,818)	(41,882)	(48,700)
Principal paid on debt	(507,704)	(1,166,134)	(1,673,838)
Interest paid on debt	(65,718)	(39,635)	(105,353)
Net cash provided by (used for) capital and related financing activities	\$ (559,660)	\$ (133,670)	\$ (693,330)
Cash flows from investing activities:			
Interest income	\$ 737	\$ 130	\$ 867
Increase (decrease) in cash and cash equivalents	\$ (81,726)	\$ (14,421)	\$ (96,147)
Cash and cash equivalents at beginning of year (including restricted cash and cash equivalents of \$657,550)	3,109,969	548,817	3,658,786
Cash and cash equivalents at end of year (including restricted cash and cash equivalents of \$672,486)	\$ 3,028,243	\$ 534,396	\$ 3,562,639
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (420,494)	\$ (185,247)	\$ (605,741)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	793,777	270,567	1,064,344
Changes in operating assets and liabilities and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	6,460	1,140	7,600
(Increase) decrease in prepaid items	28,465	5,023	33,488
(Increase) decrease in due from Dickenson County, Virginia	2,931	-	2,931
(Increase) decrease in deferred outflows of resources	(83,009)	(14,649)	(97,658)
Increase (decrease) in net pension liability	148,396	26,187	174,583
Increase (decrease) in operating payables	(163)	(29)	(192)
Increase (decrease) in customer deposits	(910)	15,820	14,910
Increase (decrease) in compensated absences	10,672	1,883	12,555
Increase (decrease) in deferred inflows of resources	(8,928)	(1,576)	(10,504)
Net cash provided by (used for) operating activities	\$ 477,197	\$ 119,119	\$ 596,316
Noncash investing, capital, or financing activities:			
Construction payables	\$ 5,056	\$ 892	\$ 5,948
Transfer of capital assets between funds	93,845	(93,845)	-
Total noncash investing, capital, or financing activities	\$ 98,901	\$ (92,953)	\$ 5,948

STATISTICAL INFORMATION

Table 1

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Pledged Revenue Coverage
Last Ten Fiscal Years*
(unaudited)

Water and Sewer Revenue Bonds						
Fiscal Year	Operating Revenues (1)	Less: Operating expenses (2)	Net revenues available for debt service	Debt Service		Coverage
				Principal	Interest	
2021 (3)	\$ 2,943,543	\$ 2,418,519	\$ 525,024	\$ 379,251	\$ 102,027	109%

(1) Operating revenues and interest as described in Note 1.

(2) Net of depreciation.

(3) Debt service is exclusive of effects of refunding in the current year.

*Table is intended to show information for 10 years. Information prior to 2021 is not available. However, additional years will be included as they become available.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Board of Directors
Dickenson County Public Service Authority
Clintwood, 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 Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Dickenson County Public Service Authority, a component unit of Dickenson County, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Dickenson County Public Service Authority's basic financial statements and have issued our report thereon dated November 8, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickenson County Public Service Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Dickenson County Public Service Authority's Response to Finding

Dickenson County Public Service Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Dickenson County Public Service Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox, Associates
Blacksburg, Virginia
November 8, 2021

DICKENSON COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF DICKENSON COUNTY, VIRGINIA)
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

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

Section II - Financial Statement Findings

2021-001

Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and the related assets.
Condition:	Currently the Authority lacks a proper segregation of duties over the accounts payable and payroll functions.
Cause of Condition:	The Authority lacks the funding to fully support completely segregated accounts payable and payroll functions.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the Authority's internal controls over financial reporting.
Recommendation:	Management should try to further segregate duties amongst current staff to help alleviate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal controls over the accounts payable and payroll functions lack proper segregation of duties, however to alleviate the same would require additional staff. Due to cost constraints, the Authority has decided not to address the aforementioned internal control deficiencies.

Section III - Prior Year Findings

2020-001 is repeated in the current year as 2021-001.