

COUNTY OF PATRICK, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

COUNTY OF PATRICK, VIRGINIA

BOARD OF SUPERVISORS

Crystal Harris, Vice-chair Clyde DeLoach	Jane Fulk, Chair	Denise Stirewalt C. Clayton Kendrick Jr.
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COUNTY SCHOOL BOARD

Walter L. Scott, Vice-chair Shannon Harrell	Brandon J. Simmons, Chair	Amy Walker Ryan S. Lawson
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SOCIAL SERVICES BOARD

Synthia Fain, Vice-chair Amy Sawyers	Pam Craig, Chair	Lock Boyce Pepper Martin
	Billie Sue Morrison	

OTHER OFFICIALS

Clerk of the Circuit Court	Sherri M. Hazlewood
Commonwealth's Attorney.....	Stephanie Brinegar-Vipperman
Commissioner of the Revenue	Janet H. Rorrer
Treasurer	Sandra K. Stone
Sheriff.....	Dan Smith
Superintendent of Schools.....	C. Dean Gilbert
Director of Social Services.....	Joan V. Rogers
County Administrator.....	Geri S. Hazelwood
County Attorney.....	Alan Black

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

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, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to pension and OPEB funding on pages 5-14, 98, and 99-117, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Patrick, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Supplementary and Other Information (continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the County of Patrick, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the County of Patrick, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Robinson, Famer, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia
November 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Patrick County, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

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 \$8,475,719 (net position). Of this amount, \$2,651,826 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 \$4,145,438 (net position). Of this amount, \$87,825 was considered unrestricted.
- The liabilities and deferred inflows of resources of the School Board component unit exceeded its assets and deferred outflows of resources at the close of the fiscal year by (\$16,698,752) (net position).
- The assets of the EDA component unit exceeded its liabilities at the close of the fiscal year by \$2,991,361 (net position). Of this amount, \$1,473,282 was considered unrestricted.
- As of the close of the current fiscal year, the County reported combined ending fund balances of \$7,481,369. This is \$1,570,731 more than the prior fiscal year total fund balances. Of the current fiscal year fund balances, \$6,411,718 was considered unassigned, \$45,384 was considered nonspendable prepaid items, \$266,782 was considered restricted, and \$757,485 was considered assigned to specific funds.

When compared to the prior fiscal year, unassigned balances increased by \$1,486,823, nonspendable prepaid items decreased by \$18,626, and assigned fund balances increased by \$52,255. The increase in unassigned fund balances was due to the Board of Supervisors approval on March 27, 2019, to increase the real estate tax rate to .68 per \$100 of assessed value, which is an .11 increase over the previous tax rate. The delay in debt service payments due to the previous fiscal year debt restructuring also provided an increase in unassigned funds.

A comparison of restricted fund balance from the current to the prior fiscal year shows an increase of \$154,789. This is mainly attributable to additional asset forfeiture funds received for the Sheriff's Department throughout the fiscal year.

The fiscal year 2020 balance sheet shows a new liability for unearned revenue of \$1,391,294. This amount is the COVID-19 grant and is considered a liability due to having to be returned to the Department of the Treasury if not spent on items specific to the COVID-19 pandemic.

- During the year, the County's governmental fund revenues exceeded expenditures by \$2,214,762. This is a significant improvement over fiscal year 2019 where expenditures exceeded revenues by \$3,246,444. The major cause of the fiscal year 2019 deficiency was the refinancing of debt service in that fiscal year, which included principal retirement, interest and other fiscal charges, and bond issuance costs. Fiscal year 2020 revenues reflect the benefit of the refinancing and the delayed debt service payments due from the refund.
- The Board of Supervisors instituted a 4% Food & Beverage Tax effective April 1, 2020.

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 does exercise a significant financial relationship with.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Patrick, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 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 11).

Proprietary Funds - The County maintains three proprietary funds: The PSA Water Fund, the PSA Sewer Fund, and the Health Insurance 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.

The Health Insurance Fund, an internal service fund, maintains funds for employee insurance premiums to pay health insurance claims.

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.

Effective January 1, 2014, the Virginia Retirement System added the Hybrid Plan for employees hired after that date. Note 10 provides a description of the VRS Plan 1, Plan 2, and Hybrid Plan. All full-time salaried employees are required to participate in one of the three plans, as determined by their hire date. The annual pension costs for the County and Schools are included in this note.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Notes to the statements also provide detailed information for post-employment benefits. These include the Line of Duty Act (Note 11), Health Insurance for both County and School Board employees (Note 12 and 13), Group Life Insurance (Note 14), and the Health Insurance Credit for both County employees and Teachers (Note 15 and 16). Note 17 provides an overall summary of the postemployment benefits for both the Primary Government and School Board.

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 \$12,621,157 at the close of the most recent fiscal year.

The largest portion of the County's net position, \$9,614,724, 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. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted portions of the County's net position are as follows: \$3,743 for Fred Clifton Park, \$183,171 for Asset Forfeiture, and \$79,868 for Transient Occupancy. The remaining balance of Net Position, \$2,739,651, is unrestricted and may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position for 2020 and 2019.

	Governmental and Business-type Activities	
	2020	2019
Current assets	\$ 15,655,274	\$ 13,082,778
Capital assets	43,258,530	46,101,728
Total assets	<u>\$ 58,913,804</u>	<u>\$ 59,184,506</u>
Deferred outflows of resources	<u>\$ 4,524,758</u>	<u>\$ 3,730,670</u>
Current liabilities	\$ 3,027,963	\$ 3,072,818
Long-term liabilities	42,110,731	40,013,755
Total liabilities	<u>\$ 45,138,694</u>	<u>\$ 43,086,573</u>
Deferred inflows of resources	<u>\$ 5,678,711</u>	<u>\$ 5,731,135</u>
Net position		
Net investment in capital assets	\$ 9,614,724	\$ 11,449,069
Restricted	266,782	111,993
Unrestricted	2,739,651	2,536,406
Total net position	<u><u>\$ 12,621,157</u></u>	<u><u>\$ 14,097,468</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In fiscal year 2017, the County's total net position was \$15,778,937. In fiscal year 2018, the County's total net position was \$14,101,253. Over the four-year fiscal period, the County's net position has continued to decline.

The following table summarizes the County's Statement of Activities for 2020 and 2019.

Statement of Activities:	Governmental and Business-type Activities	
	2020	2019
Program revenues		
Charges for services	\$ 764,901	\$ 782,916
Operating grants and contributions	5,839,458	5,271,790
Capital grants and contributions	17,652	-
General revenues		
Property taxes	14,532,637	13,638,445
Other taxes	2,785,240	2,630,959
Revenue from use of money and property	48,189	53,353
Miscellaneous	198,114	88,385
Grants and contributions not restricted to specific programs	1,266,399	1,284,487
Total revenues	<u>\$ 25,452,590</u>	<u>\$ 23,750,335</u>
Expenses		
General government	\$ 1,490,444	\$ 1,109,138
Judicial administration	1,417,122	1,181,361
Public safety	8,658,995	7,744,249
PSA	200,077	340,801
Public works	1,746,158	1,667,628
Health and welfare	3,266,628	2,943,181
Education	7,069,946	5,642,790
Parks, recreation and cultural	576,254	685,720
Community development	962,521	953,239
Interest on long-term debt	1,540,816	1,486,013
Total expenses	<u>\$ 26,928,961</u>	<u>\$ 23,754,120</u>
Change in net position	<u>\$ (1,476,371)</u>	<u>\$ (3,785)</u>

The above chart does not include transfers of \$149,979. In prior fiscal years, funds were transferred from the General Fund to the PSA Water Fund and PSA Sewer Fund as required to assist with the debt service payments. With the debt restructure in fiscal year 2019, reserves for the PSA debt service were no longer required by USDA. Since the debt restructure changed all debt service payments to the General Fund, a portion of the reserve amounts in both the PSA Water and PSA Sewer Funds were transferred to the General Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In fiscal year 2017, the County's change in net position was (\$607,693). In fiscal year 2018, the County's change in net position was (\$1,033,139). For the past four years, the County's change in net position has been a deficit.

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,481,389. Approximately .61% of this total amount, \$45,384 constitutes nonspendable amounts for prepaid items, 3.57% of the total amount, \$266,782, constitutes restricted fund balance, and 10.12% of the total amount, \$757,485, constitutes assigned fund balance. Both restricted and assigned fund balances are not available for current spending as these have been restricted by or assigned to external parties such as grantors, laws or legislation. The remaining balance, \$6,411,718, or 85.7%, 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 \$7,298,198. Of this amount, \$6,411,718 was considered unassigned.

Total governmental fund revenues for fiscal year ended June 30, 2020, increased \$1,768,790 and expenditures decreased \$3,692,416 over prior fiscal year amounts. The most significant increase in revenue from the prior fiscal year to the current is due to the .11 increase in the real estate tax rate for both the December 2019 and June 2020 tax collections. In the prior fiscal year, only one-half of the increase was reflected in the revenue for the June 2019 real estate tax collections. The Board of Supervisors increased the real estate tax rate from .57 to .68 per \$100 of assessed value on March 27, 2019. Property tax revenues increased by \$856,816 from fiscal year 2019 to 2020 when comparing the Statement of Revenues, Expenditures, and Changes in Fund Balances (exhibit 5) in the respective fiscal year reports. Other revenues showing increases greater than \$100,000 were other local taxes (\$154,281), miscellaneous (\$683,271), Commonwealth of Virginia revenue (\$350,595), and Federal government revenues (\$198,985). Other local taxes include the 4% Food and Beverage Tax instituted by the Board of Supervisors effective April 1, 2020. Miscellaneous revenues include ambulance service collections and waste collection fees.

The decrease in County expenditures from the prior fiscal year to the current was due to the restructuring of the debt service in fiscal year 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The next two tables summarize the increases and decreases in revenues and expenditures of the governmental funds by category.

The following table summarizes the County's governmental funds revenues for 2020 and 2019.

Revenues:	Governmental Funds	
	2020	2019
General Fund:		
From local sources:		
General property taxes	\$ 14,542,405	\$ 13,685,589
Other local taxes	2,785,240	2,630,959
Permits, fees & licenses	72,788	68,349
Court fines & forfeitures	20,401	28,190
Use of money & property	48,189	52,645
Charges for services	558,090	551,942
Miscellaneous	198,114	88,385
Recovered costs	919,236	819,194
Total revenue from local sources	19,144,463	17,925,253
From the Commonwealth:		
Noncategorical aid	1,162,791	1,169,611
Shared expenses	2,995,637	2,818,120
State welfare funds	493,269	496,167
Children's services	518,491	486,577
Grants	396,876	245,994
Total from the Commonwealth	5,567,064	5,216,469
From the Federal Government:		
Noncategorical aid	103,608	114,876
Federal welfare funds	1,055,447	1,035,682
Children's services	4,660	16,275
Grants	375,078	172,975
Total from the Federal Gov't	1,538,793	1,339,808
Total governmental fund revenues	\$ 26,250,320	\$ 24,481,530

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table summarizes the County's governmental funds expenditures for 2020 and 2019.

Expenditures:	Governmental Funds	
	2020	2019
General Fund:		
Board of supervisors	\$ 65,062	\$ 62,627
General & financial administration	1,522,543	1,279,039
Board of elections	134,494	99,506
Courts	742,826	688,692
Commonwealth Attorney	506,236	450,745
Law enforcement & traffic control	3,201,918	3,393,049
Fire & rescue services	1,997,866	1,532,033
Correction & detention	2,059,472	2,006,113
Building inspections	136,233	156,245
Other public safety	399,883	448,715
Sanitation & waste removal	701,117	676,116
Maintenance of buildings and grounds	818,041	836,312
Health & welfare	2,988,596	2,891,408
Education	4,767,759	4,691,554
Parks, recreation & cultural	508,802	513,155
Community development	872,151	927,193
Capital projects	140,619	268,442
Debt service	2,406,694	6,787,148
Asset Forfeiture Fund	65,246	19,882
Total Expenditures	<u>\$ 24,035,558</u>	<u>\$ 27,727,974</u>

For the fiscal year ended June 30, 2020, revenues exceeded expenditures by \$2,039,946, as compared to the fiscal year ended June 30, 2019, in which expenses exceeded revenues by \$3,246,444. The increase in revenue is mainly attributable to the real estate tax increase.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental funds as of June 30, 2020 amounts to \$39,200,917 (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 \$4,057,613 (net of accumulated depreciation). Capital asset activity for the school board component as of June 30, 2020, amounts to \$9,781,448 (net of accumulated depreciation). During fiscal year 2020, \$1,464,679 of capital assets, net of related accumulated depreciation, were transferred from the County to the School Board as corresponding debt had been paid off.

Additional information on the County of Patrick's capital assets can be found in Note 18 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	\$ 21,982,220
Lease Revenue Bonds	10,966,000
Bond Premiums	1,723,376
Literary Loans	765,000
Capital Leases	140,928
Compensated Absences	765,142
Net Pension Liability	4,730,533
Net OPEB Liabilities	1,037,552
Total	<u>\$ 42,110,731</u>

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

Capital Leases - The County has entered into lease agreements to finance the acquisition of E-911 software. The asset value of the lease is \$162,164 (net of accumulated depreciation). The present value of the lease agreements is \$140,928 as of June 30, 2020. Note 7 provides additional details of the future minimum lease obligation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Long-Term Obligations - Component Unit-School Board

Capital leases	\$ 220,762
Compensated absences	472,322
Net pension liability	20,466,672
Net OPEB liabilities	6,591,185
Total	<u>\$ 27,750,941</u>

In fiscal year 2019, the School Board issued a lease-purchase agreement for computers and related equipment. The amount of the lease is \$327,168 with an interest rate of 2.442%, payable in three annual principal and interest payments. The present value of the lease agreement is \$220,762.

Additional information on the long-term obligations for the School Board Component Unit can be found in Note 8 of this report.

Additional information on the capital lease of the School Board Component Unit can be found in Note 9 of this report.

Economic Factors

The June 2020 unemployment rate for the County of Patrick, Virginia was 7.3%, which is an increase from the rate of 3.5% in June 2019.

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, 2020

	Primary Government			Component	Component
	Governmental	Business-type		Unit	Unit
	Activities	Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 5,577,645	\$ 84,617	\$ 5,662,262	\$ 1,418,996	\$ 382,445
Cash in custody of others	19,702	-	19,702	200	-
Investments	2,676,762	-	2,676,762	125,196	40,054
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,956,364	-	4,956,364	-	-
Other local taxes	142,270	-	142,270	-	-
Accounts receivable	104,405	18,532	122,937	127,567	-
Due from component units	1,110,262	-	1,110,262	-	-
Due from other governmental units	919,331	-	919,331	856,726	-
Inventories	-	-	-	64,664	-
Prepaid items	45,384	-	45,384	256,925	6,983
Inventory: Industrial sites held for resale	-	-	-	-	1,043,800
Capital assets (net of accumulated depreciation):					
Land	1,197,264	-	1,197,264	561,748	85,000
Buildings and improvements	36,832,879	-	36,832,879	7,186,577	1,426,975
Machinery and equipment	1,044,274	-	1,044,274	1,849,051	6,104
Infrastructure	-	4,057,613	4,057,613	-	-
Construction in progress	126,500	-	126,500	184,072	-
Total assets	\$ 54,753,042	\$ 4,160,762	\$ 58,913,804	\$ 12,631,722	\$ 2,991,361
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 1,933,718	\$ -	\$ 1,933,718	\$ -	\$ -
Pension related items	2,306,992	-	2,306,992	4,194,559	-
OPEB related items	284,048	-	284,048	855,937	-
Total deferred outflows of resources	\$ 4,524,758	\$ -	\$ 4,524,758	\$ 5,050,496	\$ -
LIABILITIES					
Accounts payable	\$ 418,186	\$ 444	\$ 418,630	\$ 130,956	\$ -
Accrued wages	51,748	-	51,748	1,133,965	-
Estimate of incurred but not reported health claims	484,592	-	484,592	-	-
Accrued interest payable	666,819	-	666,819	3,634	-
Due to primary government	-	-	-	1,110,262	-
Customer deposits	-	14,880	14,880	-	-
Unearned revenue	1,391,294	-	1,391,294	-	-
Long-term liabilities:					
Due within one year	2,046,946	-	2,046,946	463,276	-
Due in more than one year	40,063,785	-	40,063,785	27,287,665	-
Total liabilities	\$ 45,123,370	\$ 15,324	\$ 45,138,694	\$ 30,129,758	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 5,366,298	\$ -	\$ 5,366,298	\$ -	\$ -
Pension related items	273,135	-	273,135	3,567,410	-
OPEB related items	39,278	-	39,278	683,802	-
Total deferred inflows of resources	\$ 5,678,711	\$ -	\$ 5,678,711	\$ 4,251,212	\$ -
NET POSITION					
Net investment in capital assets	\$ 5,557,111	\$ 4,057,613	\$ 9,614,724	\$ 9,560,686	\$ 1,518,079
Restricted					
Fred Clifton Park	3,743	-	3,743	-	-
Asset Forfeiture	183,171	-	183,171	-	-
Transient Occupancy	79,868	-	79,868	-	-
School cafeteria	-	-	-	410,227	-
Unrestricted	2,651,826	87,825	2,739,651	(26,669,665)	1,473,282
Total net position	\$ 8,475,719	\$ 4,145,438	\$ 12,621,157	\$ (16,698,752)	\$ 2,991,361

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Total	School Board EDA
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,490,444	\$ 14,490	\$ 251,005	\$ -	\$ (1,224,949)	\$ -	\$ (1,224,949)	\$ -
Judicial administration	1,417,122	40,112	584,755	-	(792,255)	-	(792,255)	-
Public safety	8,658,995	297,706	2,903,856	-	(5,457,433)	-	(5,457,433)	-
Public works	1,746,158	282,953	6,875	-	(1,456,330)	-	(1,456,330)	-
Health and welfare	3,266,628	-	2,073,467	-	(1,193,161)	-	(1,193,161)	-
Education	7,069,946	-	-	-	(7,069,946)	-	(7,069,946)	-
Parks, recreation, and cultural	576,254	14,465	4,500	-	(557,289)	-	(557,289)	-
Community development	962,521	-	15,000	-	(947,521)	-	(947,521)	-
Interest on long-term debt	1,540,816	-	-	-	(1,540,816)	-	(1,540,816)	-
Total governmental activities	\$ 26,728,884	\$ 649,726	\$ 5,839,458	\$ -	\$ (20,239,700)	\$ -	\$ (20,239,700)	\$ -
Business-type activities:								
Public Service Authority	\$ 200,077	\$ 115,235	\$ -	\$ 17,652	\$ -	\$ (67,190)	\$ (67,190)	\$ -
Total business-type activities	\$ 200,077	\$ 115,235	\$ -	\$ 17,652	\$ -	\$ (67,190)	\$ (67,190)	\$ -
Total primary government	\$ 26,928,961	\$ 764,961	\$ 5,839,458	\$ 17,652	\$ (20,239,700)	\$ (67,190)	\$ (20,306,890)	\$ -
COMPONENT UNIT:								
School Board	\$ 27,930,502	\$ 130,393	\$ 21,514,520	\$ 232,000	\$ -	\$ -	\$ -	\$ (6,053,589)
EDA	134,991	-	-	-	-	-	-	(134,991)
Total component units	\$ 28,065,493	\$ 130,393	\$ 21,514,520	\$ 232,000	\$ -	\$ -	\$ -	\$ (6,053,589)
General revenues:					\$ 14,532,637	\$ -	\$ 14,532,637	\$ -
General property taxes								
Other local taxes:								
Local sales and use taxes					1,341,836	-	1,341,836	-
Consumers' utility taxes					410,257	-	410,257	-
Gross receipts					4,475	-	4,475	-
Consumption taxes					54,434	-	54,434	-
Motor vehicle licenses					455,497	-	455,497	-
Bank stock taxes					10,053	-	10,053	-
Taxes on recordation and wills					131,050	-	131,050	-
Hotel and motel room taxes					335,266	-	335,266	-
Food and beverage taxes					42,372	-	42,372	-
Unrestricted revenues from use of money and property					48,189	-	48,189	155,674
Miscellaneous					198,114	-	198,114	366,246
Contribution from Patrick County, Virginia					-	-	-	7,052,624
Grants and contributions not restricted to specific programs					1,266,399	-	1,266,399	-
Transfers					149,969	(149,969)	-	-
Total general revenues and transfers					\$ 18,980,548	\$ (149,969)	\$ 18,830,579	\$ 7,420,666
Change in net position					\$ (1,259,152)	\$ (217,159)	\$ (1,476,311)	\$ 1,367,077
Net position - beginning					9,734,871	4,362,597	14,097,468	(18,065,829)
Net position - ending					\$ 8,475,719	\$ 4,145,438	\$ 12,621,157	\$ (16,698,752)

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

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,327,877	\$ 112,360	\$ 5,440,237
Cash in custody of others	19,702	-	19,702
Investments	2,605,547	70,878	2,676,425
Receivables (net of allowance for uncollectibles)			
Taxes receivable	4,956,364	-	4,956,364
Other local taxes	142,270	-	142,270
Accounts receivable	104,405	-	104,405
Due from component unit	1,110,262	-	1,110,262
Due from other governmental units	919,331	-	919,331
Prepaid items	45,384	-	45,384
Total assets	<u>\$ 15,231,142</u>	<u>\$ 183,238</u>	<u>\$ 15,414,380</u>
LIABILITIES			
Accounts payable	\$ 413,133	\$ 67	\$ 413,200
Accrued liabilities	51,748	-	51,748
Unearned revenue - COVID-19 grants	1,391,294	-	1,391,294
Total liabilities	<u>\$ 1,856,175</u>	<u>\$ 67</u>	<u>\$ 1,856,242</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>\$ 6,076,769</u>	<u>\$ -</u>	<u>\$ 6,076,769</u>
FUND BALANCES			
Nonspendable - prepaid items	\$ 45,384	\$ -	\$ 45,384
Restricted:			
Fred Clifton Park	3,743	-	3,743
Asset Forfeiture	-	183,171	183,171
Transient Occupancy	79,868	-	79,868
Assigned:			
Law Library	21,113	-	21,113
Courthouse Maintenance	9,014	-	9,014
Courthouse Security	2,626	-	2,626
Fire Programs	114,586	-	114,586
Four for Life	41,003	-	41,003
Spay and Neuter	375	-	375
Fire and Rescue Equipment	129,593	-	129,593
Capital Depreciation	185,775	-	185,775
Skate Park	19,409	-	19,409
Broadband	102,008	-	102,008
Bob White Covered Bridge	30,223	-	30,223
Sheriff/Jail	101,760	-	101,760
Unassigned	6,411,718	-	6,411,718
Total fund balances	<u>\$ 7,298,198</u>	<u>\$ 183,171</u>	<u>\$ 7,481,369</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,231,142</u>	<u>\$ 183,238</u>	<u>\$ 15,414,380</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, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	7,481,369
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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		36,832,879	
Machinery and equipment		1,044,274	
Construction in progress		126,500	39,200,917

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

Unavailable revenue			710,471
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

(351,833)

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	\$	1,933,718	
Pension related items		2,306,992	
OPEB related items		284,048	4,524,758

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	\$	(1,723,376)	
Accrued interest payable		(666,819)	
Compensated absences		(765,142)	
Net pension liability		(4,730,533)	
Net OPEB liabilities		(1,037,532)	
Capital leases		(140,928)	
Literary loans		(765,000)	
Lease revenue bonds		(10,966,000)	
General obligation bonds		(21,982,220)	(42,777,550)

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

Pension related items	\$	(273,135)	
OPEB related items		(39,278)	(312,413)

Net position of governmental activities

\$ 8,475,719

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, 2020

	<u>General</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 14,542,405	\$ -	\$ 14,542,405
Other local taxes	2,785,240	-	2,785,240
Permits, privilege fees, and regulatory licenses	72,788	-	72,788
Fines and forfeitures	20,401	-	20,401
Revenue from the use of money and property	47,465	724	48,189
Charges for services	558,090	-	558,090
Miscellaneous	198,114	-	198,114
Recovered costs	919,236	-	919,236
Intergovernmental:			
Commonwealth	5,392,972	174,092	5,567,064
Federal	1,538,793	-	1,538,793
Total revenues	\$ 26,075,504	\$ 174,816	\$ 26,250,320
EXPENDITURES			
Current:			
General government administration	\$ 1,722,099	\$ -	\$ 1,722,099
Judicial administration	1,249,062	-	1,249,062
Public safety	7,795,372	65,246	7,860,618
Public works	1,519,158	-	1,519,158
Health and welfare	2,988,596	-	2,988,596
Education	4,767,759	-	4,767,759
Parks, recreation, and cultural	508,802	-	508,802
Community development	872,151	-	872,151
Capital projects	140,619	-	140,619
Debt service:			
Principal retirement	929,347	-	929,347
Interest and other fiscal charges	1,477,347	-	1,477,347
Total expenditures	\$ 23,970,312	\$ 65,246	\$ 24,035,558
Excess (deficiency) of revenues over (under) expenditures	\$ 2,105,192	\$ 109,570	\$ 2,214,762
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 150,000	\$ 26,042	\$ 176,042
Transfers out	(820,073)	-	(820,073)
Total other financing sources (uses)	\$ (670,073)	\$ 26,042	\$ (644,031)
Net change in fund balances	\$ 1,435,119	\$ 135,612	\$ 1,570,731
Fund balances - beginning	5,863,079	47,559	5,910,638
Fund balances - ending	\$ 7,298,198	\$ 183,171	\$ 7,481,369

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, 2020

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

Net change in fund balances - total governmental funds	\$	1,570,731
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$ 403,392	
Depreciation expense	(1,642,941)	(1,239,549)

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

Loss on disposal of assets	\$ (12,631)	
Contribution of school assets as debt balances were paid completely	(1,464,679)	(1,477,310)

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		(11,321)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of, premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:

General obligation bonds	\$ 663,883	
Literary loans	195,000	
Capital leases	70,464	929,347

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	\$ (19,231)	
Amortization of bond premium	181,281	
Amortization of deferred amount on refunding	(101,775)	
Change in accrued interest payable	(142,975)	
Change in net pension liability and related deferred items	(530,965)	
Change in net OPEB liabilities and related deferred items	(24,210)	(637,875)

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.

(393,175)

Change in net position of governmental activities	\$	(1,259,152)
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The notes to the financial statements are an integral part of this statement.

County of Patrick, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

	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	\$ 58,958	\$ 25,659	\$ 84,617	\$ 137,408
Investments	-	-	-	337
Accounts receivables, net of allowances for uncollectibles	15,941	2,591	18,532	-
Total current assets	<u>\$ 74,899</u>	<u>\$ 28,250</u>	<u>\$ 103,149</u>	<u>\$ 137,745</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Infrastructure	\$ 1,571,018	\$ 2,486,595	\$ 4,057,613	\$ -
Total noncurrent assets	<u>\$ 1,571,018</u>	<u>\$ 2,486,595</u>	<u>\$ 4,057,613</u>	<u>\$ -</u>
Total assets	<u>\$ 1,645,917</u>	<u>\$ 2,514,845</u>	<u>\$ 4,160,762</u>	<u>\$ 137,745</u>
LIABILITIES				
Current liabilities:				
Estimate of incurred but not reported health claims	\$ -	\$ -	\$ -	\$ 484,592
Accounts payable	4	440	444	4,986
Customers' deposits	11,475	3,405	14,880	-
Total liabilities	<u>\$ 11,479</u>	<u>\$ 3,845</u>	<u>\$ 15,324</u>	<u>\$ 489,578</u>
NET POSITION				
Investment in capital assets	\$ 1,571,018	\$ 2,486,595	\$ 4,057,613	\$ -
Unrestricted	63,420	24,405	87,825	(351,833)
Total net position	<u>\$ 1,634,438</u>	<u>\$ 2,511,000</u>	<u>\$ 4,145,438</u>	<u>\$ (351,833)</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, 2020

	Public Service Authority			Internal
	Water	Sewer	Total	Service
	<u>Fund</u>	<u>Fund</u>		<u>Fund</u>
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ 94,324	\$ -	\$ 94,324	\$ -
Sewer revenues	-	20,911	20,911	-
Insurance premiums	-	-	-	3,927,493
Total operating revenues	<u>\$ 94,324</u>	<u>\$ 20,911</u>	<u>\$ 115,235</u>	<u>\$ 3,927,493</u>
OPERATING EXPENSES				
Administration	\$ 11,747	\$ 7,430	\$ 19,177	\$ -
Purchase of water	36,700	-	36,700	-
Purchase of sewer	-	13,454	13,454	-
Pump station maintenance	4,407	-	4,407	-
Depreciation	49,852	76,487	126,339	-
Insurance claims and expenses	-	-	-	5,115,070
Total operating expenses	<u>\$ 102,706</u>	<u>\$ 97,371</u>	<u>\$ 200,077</u>	<u>\$ 5,115,070</u>
Operating income (loss)	<u>\$ (8,382)</u>	<u>\$ (76,460)</u>	<u>\$ (84,842)</u>	<u>\$ (1,187,577)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	\$ -	\$ -	\$ -	\$ 402
Tap fees	1,523	-	1,523	-
Total nonoperating revenues (expenses)	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ 1,523</u>	<u>\$ 402</u>
Income (loss) before capital contributions and construction grants and transfers	<u>\$ (6,859)</u>	<u>\$ (76,460)</u>	<u>\$ (83,319)</u>	<u>\$ (1,187,175)</u>
Capital contributions and construction grants	\$ 7,162	\$ 8,967	\$ 16,129	\$ -
Transfers in	-	-	-	794,000
Transfers out	(74,969)	(75,000)	(149,969)	-
Change in net position	<u>\$ (74,666)</u>	<u>\$ (142,493)</u>	<u>\$ (217,159)</u>	<u>\$ (393,175)</u>
Total net position - beginning	1,709,104	2,653,493	4,362,597	41,342
Total net position - ending	<u>\$ 1,634,438</u>	<u>\$ 2,511,000</u>	<u>\$ 4,145,438</u>	<u>\$ (351,833)</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, 2020

	Public Service Authority			Internal
	Water	Sewer	Total	Service
	Fund	Fund		Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for insurance premiums	\$ -	\$ -	\$ -	\$ 3,927,493
Receipts from customers and users	93,229	21,253	114,482	-
Payments to suppliers	(56,757)	(21,471)	(78,228)	-
Payments for premiums	-	-	-	(5,009,754)
Net cash provided by (used for) operating activities	\$ 36,472	\$ (218)	\$ 36,254	\$ (1,082,261)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (74,969)	\$ (75,000)	\$ (149,969)	\$ -
Transfers from other funds	-	-	-	794,000
Net cash provided by (used for) noncapital financing activities	\$ (74,969)	\$ (75,000)	\$ (149,969)	\$ 794,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions in aid of construction	\$ 8,685	\$ 8,967	\$ 17,652	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	\$ -	\$ -	\$ -	\$ 402
Net cash provided by (used for) investing activities	\$ -	\$ -	\$ -	\$ 402
Net increase (decrease) in cash and cash equivalents	\$ (29,812)	\$ (66,251)	\$ (96,063)	\$ (287,859)
Cash and cash equivalents - beginning	88,770	91,910	180,680	425,604
Cash and cash equivalents - ending	\$ 58,958	\$ 25,659	\$ 84,617	\$ 137,745
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (8,382)	\$ (76,460)	\$ (84,842)	\$ (1,187,577)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 49,852	\$ 76,487	\$ 126,339	\$ -
(Increase) decrease in accounts receivable	(1,142)	149	(993)	-
Increase (decrease) in customer deposits	47	193	240	-
Increase (decrease) in accounts payable	(3,903)	(587)	(4,490)	105,316
Total adjustments	\$ 44,854	\$ 76,242	\$ 121,096	\$ 105,316
Net cash provided by (used for) operating activities	\$ 36,472	\$ (218)	\$ 36,254	\$ (1,082,261)

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, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 39,912
Receivables:	
Other receivables	8,034
Total assets	<u>\$ 47,946</u>
LIABILITIES	
Accounts payable	\$ 5,391
Amounts held for Social Services clients	7,912
Amounts held for DeHart Cemetery	6,000
Amounts held for inmates	28,643
Total liabilities	<u>\$ 47,946</u>

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

County of Patrick, Virginia

Notes to Financial Statements June 30, 2020

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, 2020, the County contributed \$280,782 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, 2020, the County contributed \$71,179 to the Community Services Board.

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

B. Government-wide and fund financial statements

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

The Statement of Net Position is designed to display the financial position of the primary government (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.

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

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the Courthouse Maintenance, Contingency, Inmate Medical, CAP Depreciation, VPA, CSA, Dare, Law Library, Fred Clifton Park, Capital Projects, Courthouse Security Funds, Fire Programs, Four for Life, Treasurer's Deferred Account, Prepaid Taxes, Spay and Neuter, HEM, Stormwater, Inmate Daily, Fire and Rescue Equipment, Skate Park, COVID-19 Coronavirus Relief Fund, Broadband, Bob White Covered Bridge, and Transient Occupancy Tax.

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-health Insurance Fund.

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

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

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

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

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

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

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

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

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

1. Cash and cash equivalents

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 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.

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.

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

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

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 \$108,457 at June 30, 2020 and is comprised of property taxes (\$79,043), water charges (\$28,608) and sewer charges (\$806).

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.

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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 (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Infrastructure - structures, lines, and accessories	20-40
Machinery and equipment	5-30

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.

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.

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

The County reports fund balance in accordance with current financial reporting standards. The County evaluated its funds and classified fund balance into the following five categories:

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

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

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

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

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

12. 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/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 results from the difference in 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 the measurement of the net pension liability and net OPEB liabilities and/or contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

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 net fiduciary 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 1-Summary of Significant Accounting Policies: (continued)

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

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' net fiduciary 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 a implicit subsidy. Please see related notes for more information.

15. Net Position

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

The County's net position is classified as follows:

Net Investment in Capital Assets - This category represents the net value of capital assets (property, plant, and equipment less accumulated depreciation) reduced by the debt incurred to acquire or construct the asset. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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

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

16. Net Position Flow Assumption

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

County of Patrick, Virginia

Notes to Financial Statements June 30, 2020 (continued)

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 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.
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, 2020, there were no funds/departments that over expended appropriations.

C. Deficit fund equity

At June 30, 2020, there were no funds with deficit fund equity.

County of Patrick, Virginia

Notes to Financial Statements June 30, 2020 (continued)

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 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).

Credit Risk of Debt Securities:

The County has not adopted an investment policy for credit risk.

The County's and School's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool (LGIP)	\$ 2,801,958

Concentration of Credit Risk:

At June 30, 2020, 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)	\$ 2,801,958	\$ 2,801,958

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 3-Deposits and Investments: (Continued)

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.

Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
<u>Local Governments:</u>	\$ -	\$ 26,021
Franklin County, Virginia		
<u>Commonwealth of Virginia:</u>		
State sales tax	-	336,281
Local sales tax	240,940	-
Noncategorical aid	80,860	-
Categorical aid - shared expenses	246,358	-
Categorical aid - VPA funds	48,336	-
Categorical aid - CSA funds	71,625	-
Categorical aid - other	87,294	238,653
<u>Federal Government:</u>		
Categorical aid - VPA funds	93,296	255,771
Categorical aid - other	50,622	-
Totals	\$ 919,331	\$ 856,726

Note 5-Interfund/Component-unit Obligations:

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 150,000	\$ 820,073
Water Fund	-	74,969
Sewer Fund	-	75,000
Asset Forfeiture Fund	26,042	-
Health Insurance Fund	794,000	-
Total	\$ 970,042	\$ 970,042

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

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

During 2020, the General Fund transferred \$794,000 to help offset losses in the self-health insurance fund. Also, the Public Service Authority (PSA) transferred money from the Water and Sewer fund to the General fund to help with the debt costs after the fiscal year 2019 refinance.

Interfund/component unit obligations at June 30, 2020, consisted of the following:

<u>Fund</u>	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ 1,110,262	\$ -
Component Unit - School Board:		
School Operating Fund	\$ -	\$ 1,110,262

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, 2020.

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct borrowings and direct placements:				
General obligation bonds	\$ 22,646,103	\$ -	\$ (663,883)	\$ 21,982,220
Lease revenue bonds	10,966,000	-	-	10,966,000
Bond premiums	1,904,657	-	(181,281)	1,723,376
Literary loans	960,000	-	(195,000)	765,000
Capital leases	211,392	-	(70,464)	140,928
Compensated absences	745,911	578,664	(559,433)	765,142
Net pension liability	3,308,584	3,978,830	(2,556,881)	4,730,533
Net OPEB liabilities	941,169	260,714	(164,351)	1,037,532
Total	\$ 41,683,816	\$ 4,818,208	\$ (4,391,293)	\$ 42,110,731

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (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					
	General Obligation Bonds		Lease Revenue Bonds		Literary Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 924,447	\$ 929,216	\$ 188,000	\$ 457,635	\$ 120,000	\$ 17,700
2022	964,836	882,641	275,000	449,777	120,000	14,850
2023	1,010,770	833,734	335,000	439,500	75,000	12,001
2024	1,026,877	782,161	383,000	427,399	75,000	10,500
2025	1,077,294	730,000	331,000	415,768	75,000	9,000
2026-2030	5,077,996	2,928,370	3,117,000	1,755,137	300,000	21,000
2031-2035	6,075,000	1,814,501	4,097,000	1,005,539	-	-
2036-2040	5,825,000	483,671	2,240,000	259,292	-	-
Totals	\$ 21,982,220	\$ 9,384,294	\$ 10,966,000	\$ 5,210,047	\$ 765,000	\$ 85,051

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (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
Direct borrowings and Direct Placements:						
<i>General Obligation Bonds</i>						
General obligation bond	2.35-5.10%	11/7/2002	2022	\$ 469,054	\$ 85,224	\$ 27,651
General obligation bond	4.10-5.60%	10/15/2004	2025	1,630,018	487,519	93,225
General obligation bond	4.60-5.10%	11/10/2005	2026	1,787,287	634,477	98,571
General obligation bond	4.05-5.05%	5/14/2015	2039	22,480,000	20,775,000	705,000
Total general obligation bonds					<u>\$ 21,982,220</u>	<u>\$ 924,447</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	6,084,000	24,000
Lease revenue bond	3.50%	6/20/2019	2024	787,000	787,000	164,000
Total lease revenue bonds					<u>\$ 10,966,000</u>	<u>\$ 188,000</u>
<i>Premiums:</i>						
Premium		10/15/2004	2025	\$ 117,079	\$ 29,269	\$ 5,854
Premium		11/10/2005	2026	97,867	43,057	3,915
Premium		5/14/2015	2038	2,512,317	1,651,050	160,409
Total premiums					<u>\$ 1,723,376</u>	<u>\$ 170,178</u>
<i>Literary Loans</i>						
State literary fund loan	3.00%	3/8/2002	2022	\$ 900,000	\$ 90,000	\$ 45,000
State literary fund loan	2.00%	7/15/2008	2029	1,425,000	675,000	75,000
Total literary loans					<u>\$ 765,000</u>	<u>\$ 120,000</u>
Total direct borrowings and direct placements					<u>\$ 35,436,596</u>	<u>\$ 1,402,625</u>
Capital Leases:						
Capital lease	0.00%	10/1/2017	2022	\$ 352,320	\$ 140,928	\$ 70,464
Other Obligations:						
Compensated absences					\$ 765,142	\$ 573,857
Net pension liability					4,730,533	-
Net OPEB liabilities					1,037,532	-
Total other obligations					<u>\$ 6,533,207</u>	<u>\$ 573,857</u>
Total long-term obligations					<u>\$ 42,110,731</u>	<u>\$ 2,046,946</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, 2020 (continued)

Note 7-Capital Leases:

Primary Government:

The County has entered into lease agreements to finance the acquisition of E911 software. The lease agreement qualifies as capital leases for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments at the date of inception.

The assets acquired through this capital lease are as follows:

CAD E911 Software	\$	352,320
Less: Accumulated depreciation		(190,156)
Net capital assets	\$	<u>162,164</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2020, are as follows:

Year Ending June 30,	Capital Leases
2021	\$ 70,464
2022	<u>70,464</u>
Sub-total	\$ 140,928
Less: Amount representing interest	<u>-</u>
Present Value of Lease Agreements	\$ <u>140,928</u>

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

Discretely Presented Component Unit-School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2020.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Capital leases	\$ 327,168	\$ -	\$ (106,406)	\$ 220,762
Compensated absences	450,850	359,610	(338,138)	472,322
Net pension liability	19,368,868	7,436,726	(6,338,922)	20,466,672
Net OPEB liabilities	<u>6,210,504</u>	<u>1,176,545</u>	<u>(795,864)</u>	<u>6,591,185</u>
Total	<u>\$ 26,357,390</u>	<u>\$ 8,972,881</u>	<u>\$ (7,579,330)</u>	<u>\$ 27,750,941</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 8-Long-term Obligations-Component Unit School Board: (continued)

Details of Obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Capital Leases:						
Capital lease	2.44%	11/8/2018	2022	\$ 327,168	\$ 220,762	\$ 109,034
Other Obligations:						
Compensated absences					\$ 472,322	\$ 354,242
Net pension liability					20,466,672	-
Net OPEB liabilities					6,591,185	-
Total other obligations					\$ 27,530,179	\$ 354,242
Total long-term obligations					\$ 27,750,941	\$ 463,276

Note 9-Capital Leases-Component Unit School Board:

The School Board issued a lease purchase agreement to pay for various computers and related equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments at the date of inception. Although classified as a capital lease, the computers and equipment did not meet the School Board's capitalization threshold.

The School Board entered into the capital lease in November 2018 for a total amount of \$327,168 with an interest rate of 2.442%, payable in three annual principal and interest payments which began in November 2019. The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, were as follows:

Year Ending June 30,	Capital Leases
2021	\$ 114,486
2022	114,486
Sub-total	\$ 228,972
Less: Amount representing interest	(8,210)
Present Value of Lease Agreements	\$ 220,762

Note 10—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.

- a. Employees hired 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.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 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 hired 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.

Note 10—Pension Plans: (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, 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.

Employees Covered by Benefit Terms

As of the June 30, 2018 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	82	87
Inactive members:		
Vested inactive members	17	11
Non-vested inactive members	16	14
Inactive members active elsewhere in VRS	35	15
Total inactive members	68	40
Active members	158	99
Total covered employees	308	226

County of Patrick, Virginia

Notes to Financial Statements June 30, 2020 (continued)

Note 10—Pension Plans: (continued)

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, 2020 was 11.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$750,496 and \$746,919 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2020 was 6.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$107,760 and \$109,273 for the years ended June 30, 2020 and June 30, 2019, respectively.

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, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

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 market 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.

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, 2018 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:

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

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%

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, 2018, 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, 2019.

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*

* Administrative expenses as a percent of the market 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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 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) - 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	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020 (continued)

Note 10—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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

* The above allocation provides a one-year return of 7.63%. 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%. 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.

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, 2019, 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. Through the fiscal year ended June 30, 2019, 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 100% of the actuarially

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—Pension Plans: (Continued)

Discount Rate (Continued)

determined contribution rate. From July 1, 2019 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, 2018	\$ 25,684,854	\$ 22,376,270	\$ 3,308,584
Changes for the year:			
Service cost	\$ 765,732	\$ -	\$ 765,732
Interest	1,754,022	-	1,754,022
Differences between expected and actual experience	616,890	-	616,890
Assumption changes	826,679	-	826,679
Contributions - employer	-	746,600	(746,600)
Contributions - employee	-	314,186	(314,186)
Net investment income	-	1,496,095	(1,496,095)
Benefit payments, including refunds of employee contributions	(1,254,800)	(1,254,800)	-
Administrative expenses	-	(14,563)	14,563
Other changes	-	(944)	944
Net changes	\$ 2,708,523	\$ 1,286,574	\$ 1,421,949
Balances at June 30, 2019	\$ 28,393,377	\$ 23,662,844	\$ 4,730,533

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—Pension Plans: (continued)

Changes in Net Pension Liability

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 7,385,449	\$ 7,210,581	\$ 174,868
Changes for the year:			
Service cost	\$ 174,633	\$ -	\$ 174,633
Interest	501,073	-	501,073
Differences between expected and actual experience	38,275	-	38,275
Assumption changes	189,589	-	189,589
Contributions - employer	-	109,545	(109,545)
Contributions - employee	-	85,570	(85,570)
Net investment income	-	471,904	(471,904)
Benefit payments, including refunds of employee contributions	(454,514)	(454,514)	-
Administrative expenses	-	(4,831)	4,831
Other changes	-	(296)	296
Net changes	\$ 449,056	\$ 207,378	\$ 241,678
Balances at June 30, 2019	\$ 7,834,505	\$ 7,417,959	\$ 416,546

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability 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 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)	\$ 8,457,602	\$ 4,730,533	\$ 1,760,772
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,232,697	\$ 416,546	\$ (241,101)

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—Pension Plans: (continued)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,281,142 and \$135,170, respectively. At June 30, 2020, 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	\$ 928,061	\$ 36,127	\$ 22,965	\$ 13,835
Change in assumptions	628,435	29,946	113,753	-
Net difference between projected and actual earnings on pension plan investments	-	207,062	-	62,587
Employer contributions subsequent to the measurement date	750,496	-	107,760	-
Total	\$ 2,306,992	\$ 273,135	\$ 244,478	\$ 76,422

\$750,496 and \$107,760 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, 2021. 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)
2021	\$ 517,112	\$ 77,802
2022	336,647	(21,145)
2023	358,166	(1,076)
2024	71,436	4,715
2025	-	-
Thereafter	-	-

County of Patrick, Virginia

Notes to Financial Statements June 30, 2020 (continued)

Note 10—Pension Plans: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$1,964,648 and \$1,952,976 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$20,050,126 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.15235% as compared to 0.16321% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,653,596. 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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—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)

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,283,895
Change in assumptions	1,985,433	-
Net difference between projected and actual earnings on pension plan investments	-	440,253
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,766,840
Employer contributions subsequent to the measurement date	1,964,648	-
Total	\$ 3,950,081	\$ 3,490,988

\$1,964,648 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, 2021. 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>	
2021	\$ (457,712)
2022	(827,828)
2023	(253,333)
2024	(13,520)
2025	46,838
Thereafter	-

Note 10—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, 2018, 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, 2019.

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*

* Administrative expenses as a percent of the market 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.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 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:

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	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	13,160,567
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 10—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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 30,184,150	\$ 20,050,126	\$ 11,671,165

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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 (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 2,306,992	\$ 273,135	\$ 4,730,533	\$ 1,281,142	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	244,478	76,422	416,546	135,170
School Board Professional	-	-	-	-	3,950,081	3,490,988	20,050,126	1,653,596
Totals	\$ 2,306,992	\$ 273,135	\$ 4,730,533	\$ 1,281,142	\$ 4,194,559	\$ 3,567,410	\$ 20,466,672	\$ 1,788,766

Note 11—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, 2020 (continued)

Note 11—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, 2020 was \$67,789.

Note 12—Other Postemployment Benefits - County Health Insurance:

Plan Description

In addition to the pension benefits described in Note 10, 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 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. County employees are responsible for the entire premium creating the implicit rate subsidy.

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	159
Total retirees with coverage	<u>6</u>
Total	<u>165</u>

Note 12—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, 2020 was \$33,221.

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 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	2.21% as of June 30, 2020
Inflation	2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.80% 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 2.21% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2020.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 12—Other Postemployment Benefits - County Health Insurance: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balance at June 30, 2019	\$ 425,323
Changes for the year:	
Service cost	\$ 27,921
Interest on Total OPEB Liability	15,288
Changes in assumptions	33,585
Benefit payments	(33,221)
Net changes	\$ 43,573
Balance at June 30, 2020	\$ 468,896

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 (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Discount Rate		
1% Decrease	Current	1% Increase
(1.21%)	(2.21%)	(3.21%)
\$ 498,731	\$ 468,896	\$ 440,339

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 (7.80% decreasing to an ultimate rate of 3.00%) or one percentage point higher (9.80% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Healthcare Cost Trend		
1% Decrease	Current	1% Increase
(7.80% decreasing to 3.00%)	(8.80% decreasing to 4.00%)	(9.80% decreasing to 5.00%)
\$ 418,213	\$ 468,896	\$ 528,645

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 12—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, 2020, the County recognized OPEB expense in the amount of \$67,758. At June 30, 2020, 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	\$ 26,881	\$ -
Change in assumptions	107,205	5,027
Total	\$ 134,086	\$ 5,027

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
2021	\$ 24,549
2022	24,549
2023	24,549
2024	24,549
2025	24,549
Thereafter	6,314

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 13—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, 2020 (continued)

Note 13—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, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	423
Total retirees with coverage	<u>12</u>
Total	<u>435</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, 2020 was \$111,090.

Note 13—Other Postemployment Benefits - Component Unit School Board Health Insurance:
(Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 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	2.21% as of June 30, 2020
Inflation	2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.80% 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 2.21% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2020.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 13—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, 2019	\$ 2,951,504
Changes for the year:	
Service cost	\$ 178,836
Interest on Total OPEB Liability	107,635
Changes in assumptions	279,152
Benefit payments	(111,090)
Net changes	\$ 454,533
Balance at June 30, 2020	\$ 3,406,037

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 (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Discount Rate		
1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
\$ 3,636,165	\$ 3,406,037	\$ 3,177,101

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 (7.80% decreasing to an ultimate rate of 3.00%) or one percentage point higher (9.80% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Healthcare Cost Trend		
1% Decrease (7.80% decreasing to 3.00%)	Current (8.80% decreasing to 4.00%)	1% Increase (9.80% decreasing to 5.00%)
\$ 3,133,124	\$ 3,406,037	\$ 3,730,343

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 13—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, 2020, the School Board recognized OPEB expense in the amount of \$305,104. At June 30, 2020, 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	\$ -	\$ 222,492
Change in assumptions	421,133	65,601
Total	\$ 421,133	\$ 288,093

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

	Component Unit School Board
Year Ended June 30	
2021	\$ 18,633
2022	18,633
2023	18,633
2024	18,633
2025	18,633
Thereafter	39,875

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 14-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.

Note 14-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, safety belt 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 \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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, 2020 (continued)

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions (continued)

Contributions to the Group Life Insurance Plan from the County were \$33,915 and \$33,705 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$9,199 and \$9,137 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$67,096 and \$66,120 for the years ended June 30, 2020 and June 30, 2019, respectively.

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, 2020, the entity reported a liability of \$537,974 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date as of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.03306% as compared to 0.03212% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$21,919. 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 (Nonprofessional)

At June 30, 2020, the entity reported a liability of \$146,453 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date as of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.00900% as compared to 0.00937% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$2,465. 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, 2020 (continued)

Note 14-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 (Professional)

At June 30, 2020, the entity reported a liability of \$1,055,282 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date as of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.06485% as compared to 0.06919% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$5,469. 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, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	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	\$ 35,778	\$ 6,979	\$ 9,740	\$ 1,900	\$ 70,183	\$ 13,689
Net difference between projected and actual earnings on GLI OPEB plan investments	-	11,050	-	3,008	-	21,676
Change in assumptions	33,965	16,222	9,246	4,416	66,624	31,821
Changes in proportion	42,430	-	-	4,936	1,551	95,351
Employer contributions subsequent to the measurement date	33,915	-	9,199	-	67,096	-
Total	\$ 146,088	\$ 34,251	\$ 28,185	\$ 14,260	\$ 205,454	\$ 162,537

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 14-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)

\$33,915 \$9,199, and \$67,096 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, 2021. 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)
2021	\$ 11,390	\$ (401)	\$ (15,183)
2022	11,391	(401)	(15,183)
2023	16,071	873	(6,002)
2024	19,602	2,036	2,132
2025	15,612	2,087	7,600
Thereafter	3,856	532	2,457

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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*

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

*Administrative expenses as a percent of the market 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 OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 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:

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	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 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, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability 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%

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		<hr/> 1,762,972
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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, 2020 (continued)

Note 14-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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. 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%. 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.

County of Patrick, Virginia

Notes to Financial Statements June 30, 2020 (continued)

Note 14-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 member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2019, 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 100% of the actuarially determined contribution rate. From July 1, 2019 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	\$ 706,749	\$ 537,974	\$ 401,102
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan			
Net OPEB Liability	192,399	146,453	109,193
Component Unit School Board's (professional) proportionate share of the GLI Plan			
Net OPEB Liability	1,386,348	1,055,282	786,796

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—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, 2020 (continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	2
Active members	<u>45</u>
Total covered employees	<u>47</u>

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, 2020 was 0.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$2,710 and \$2,844 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The County's net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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*

*Administrative expenses as a percent of the market 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 the OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability 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%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year return of 7.63%. 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%. 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.

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, 2019, the rate contributed by the entity for the HIC OPEB 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, 2019 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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 30,127	\$ 2,281	\$ 27,846
Changes for the year:			
Service cost	\$ 1,541	\$ -	\$ 1,541
Interest	1,987	-	1,987
Differences between expected and actual experience	323	-	323
Assumption changes	977	-	977
Contributions - employer	-	1,943	(1,943)
Net investment income	-	69	(69)
Benefit payments	(3,473)	(3,473)	-
Net changes	\$ 1,355	\$ (1,461)	\$ 2,816
Balances at June 30, 2019	\$ 31,482	\$ 820	\$ 30,662

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

The following presents the County'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	\$	35,016	\$ 30,662	\$ 26,984

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, 2020, the County recognized HIC Plan OPEB expense of \$3,640. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 273	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	64	-
Change of assumptions	827	-
Employer contributions subsequent to the measurement date	2,710	-
Total	\$ 3,874	\$ -

\$2,710 reported as deferred outflows of resources related to the HIC OPEB resulting from the County'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, 2021.

Note 15—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: (Continued)

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:

<u>Year Ended June 30</u>		
2021	\$	218
2022		218
2023		219
2024		209
2025		200
Thereafter		100

HIC Plan Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16- 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:

Note 16- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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.

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, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$154,877 and \$152,545 for the years ended June 30, 2020 and June 30, 2019, respectively.

Note 16- 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***

At June 30, 2020, the school division reported a liability of \$1,983,413 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, 2019 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, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.15151% as compared to 0.16267% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$131,356. 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 proportion.

At June 30, 2020, 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	\$ -	\$ 11,234
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	125	-
Change in assumptions	46,163	13,782
Change in proportion	-	193,896
Employer contributions subsequent to the measurement date	<u>154,877</u>	<u>-</u>
Total	\$ <u>201,165</u>	\$ <u>218,912</u>

\$154,877 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, 2021.

Note 16- 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

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:

<u>Year Ended June 30</u>	
2021	\$ (30,002)
2022	(30,004)
2023	(29,135)
2024	(29,425)
2025	(28,002)
Thereafter	(26,056)

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, 2018, 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, 2019.

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

*Administrative expenses as a percent of the market 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 OPEB liabilities.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 16- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 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:

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	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 16- 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, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,309,098

Plan Fiduciary Net Position as a Percentage	
of the Total Teacher Employee HIC OPEB Liability	8.97%

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, 2020 (continued)

Note 16- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. 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%. 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.

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, 2019, 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, 2019 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, 2020 (continued)

Note 16- 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	\$ 2,219,777	\$ 1,983,413	\$ 1,782,623

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 17-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 12)	\$ 134,086	\$ 5,027	\$ 468,896	\$ 67,758	\$ -	\$ -	\$ -	\$ -
School Board Stand-Alone Plan (Note 13)	-	-	-	-	421,133	288,093	3,406,037	305,104
VRS OPEB Plans:								
GLI Plan (Note 14)								
County	146,088	34,251	537,974	21,919	-	-	-	-
School Board Nonprofessional	-	-	-	-	28,185	14,260	146,453	2,465
School Board Professional	-	-	-	-	205,454	162,537	1,055,282	5,469
County HIC Plan (Note 15)	3,874	-	30,662	3,640	-	-	-	-
Teacher HIC Plan (Note 16)	-	-	-	-	201,165	218,912	1,983,413	131,356
Totals	\$ 284,048	\$ 39,278	\$ 1,037,532	\$ 93,317	\$ 855,937	\$ 683,802	\$ 6,591,185	\$ 444,394

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 18-Capital Assets:

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,197,264	\$ -	\$ -	\$ 1,197,264
Construction in progress	-	126,500	-	126,500
Total capital assets not being depreciated	<u>\$ 1,197,264</u>	<u>\$ 126,500</u>	<u>\$ -</u>	<u>\$ 1,323,764</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 52,308,770	\$ -	\$ (1,500,000)	\$ 50,808,770
Machinery and equipment	5,188,370	276,892	(1,001,698)	4,463,564
Total capital assets being depreciated	<u>\$ 57,497,140</u>	<u>\$ 276,892</u>	<u>\$ (2,501,698)</u>	<u>\$ 55,272,334</u>
Accumulated depreciation:				
Buildings and improvements	\$ (13,418,079)	\$ (1,276,682)	\$ 718,870	\$ (13,975,891)
Machinery and equipment	(3,358,549)	(366,259)	305,518	(3,419,290)
Total accumulated depreciation	<u>\$ (16,776,628)</u>	<u>\$ (1,642,941)</u>	<u>\$ 1,024,388</u>	<u>\$ (17,395,181)</u>
Total capital assets being depreciated, net	<u>\$ 40,720,512</u>	<u>\$ (1,366,049)</u>	<u>\$ (1,477,310)</u>	<u>\$ 37,877,153</u>
Governmental activities capital assets, net	<u><u>\$ 41,917,776</u></u>	<u><u>\$ (1,239,549)</u></u>	<u><u>\$ (1,477,310)</u></u>	<u><u>\$ 39,200,917</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 5,053,532	\$ -	\$ -	\$ 5,053,532
Accumulated depreciation:				
Infrastructure	\$ (869,580)	\$ (126,339)	\$ -	\$ (995,919)
Business-type activities capital assets, net	<u>\$ 4,183,952</u>	<u>\$ (126,339)</u>	<u>\$ -</u>	<u>\$ 4,057,613</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2020 (continued)

Note 18-Capital Assets: (continued)

Primary Government: (continued)

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

Governmental Activities:	
General government administration	\$ 31,133
Judicial administration	2,796
Public safety	555,821
Public works	149,690
Health and welfare	16,430
Education	837,508
Parks, recreation, and cultural	37,029
Community development	<u>12,534</u>
Total depreciation expense-governmental activities	<u><u>\$ 1,642,941</u></u>
Business-type Activities:	
PSA fund	<u><u>\$ 126,339</u></u>

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County of Patrick, Virginia

Notes to Financial Statements June 30, 2020 (continued)

Note 18-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2020 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 561,748	\$ -	\$ -	\$ 561,748
Construction in progress	167,776	30,920	(14,624)	184,072
Total capital assets not being depreciated	<u>\$ 729,524</u>	<u>\$ 30,920</u>	<u>\$ (14,624)</u>	<u>\$ 745,820</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,489,011	\$ 1,514,624	\$ -	\$ 22,003,635
Machinery and equipment	5,694,963	1,039,158	-	6,734,121
Total capital assets being depreciated	<u>\$ 26,183,974</u>	<u>\$ 2,553,782</u>	<u>\$ -</u>	<u>\$ 28,737,756</u>
Accumulated depreciation:				
Buildings and improvements	\$ (13,605,052)	\$ (1,212,006)	\$ -	\$ (14,817,058)
Machinery and equipment	(4,279,899)	(605,171)	-	(4,885,070)
Total accumulated depreciation	<u>\$ (17,884,951)</u>	<u>\$ (1,817,177)</u>	<u>\$ -</u>	<u>\$ (19,702,128)</u>
Total capital assets being depreciated, net	<u>\$ 8,299,023</u>	<u>\$ 736,605</u>	<u>\$ -</u>	<u>\$ 9,035,628</u>
Governmental activities capital assets, net	<u>\$ 9,028,547</u>	<u>\$ 767,525</u>	<u>\$ (14,624)</u>	<u>\$ 9,781,448</u>

Additions above include contributed assets from Patrick County as related debt was paid off totaling \$1,464,679, net of accumulated depreciation on same.

Note 19-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, 2020 (continued)

Note 20-Contingent Liabilities:

Federal programs in which the County participates 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 21-Deferred/Unavailable Revenue:

Deferred/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. 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	\$ -	\$ 664,182
Deferred EMS billing revenues	-	46,289
2nd half tax assessments due in December 2020	3,870,814	3,870,814
Prepaid property taxes due in December 2020, but paid in advance by taxpayers	1,495,484	1,495,484
Total deferred/unavailable revenue	\$ 5,366,298	\$ 6,076,769

Note 22-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Sherri M. Hazlewood, Clerk of the Circuit Court	\$ 115,000
Sandra K. Stone, Treasurer	400,000
Janet H. Rorrer, Commissioner of the Revenue	3,000
Dan Smith, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
VACo Insurance Programs:	
All County employees: blanket bond	\$ 250,000
VaRisk 2:	
All Social Services employees: blanket bond	\$ 250,000

County of Patrick, Virginia

Notes to Financial Statements June 30, 2020 (continued)

Note 22-Surety Bonds: (Continued)

Component Unit - School Board:

Zurick North America:

C. Dean Gilbert, Superintendent of Schools	\$	10,000
Sarah Leigh D. Collins, Clerk of the School Board		10,000

Note 23-Self 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 2020, a total of \$5,117,070 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 \$484,592 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 2020 and the two previous years were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2019-20	\$ 359,866	\$ 5,241,796	\$ (5,117,070)	\$ 484,592
2018-19	253,666	4,664,498	(4,558,298)	359,866
2017-18	340,001	3,479,702	(3,566,037)	253,666

Note 24-Litigation:

At June 30, 2020, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decision on pending matters not be favorable.

Note 25-Subsequent Events:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the "COVID-19 outbreak"). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Patrick, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

Note 25-Subsequent Events: (Continued)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Patrick, Virginia, received the second round of CRF funds in the amount of \$1,536,230 after year end.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

Note 26-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Note 26-Upcoming Pronouncements: (continued)

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.

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

County of Patrick, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 13,725,372	\$ 13,725,372	\$ 14,542,405	\$ 817,033
Other local taxes	2,631,401	2,634,718	2,785,240	150,522
Permits, privilege fees, and regulatory licenses	57,400	57,400	72,788	15,388
Fines and forfeitures	25,000	25,000	20,401	(4,599)
Revenue from the use of money and property	24,150	24,150	47,465	23,315
Charges for services	613,500	631,814	558,090	(73,724)
Miscellaneous	31,799	98,940	198,114	99,174
Recovered costs	646,478	793,321	919,236	125,915
Intergovernmental:				
Commonwealth	5,598,162	5,814,143	5,392,972	(421,171)
Federal	1,266,555	1,329,046	1,538,793	209,747
Total revenues	\$ 24,619,817	\$ 25,133,904	\$ 26,075,504	\$ 941,600
EXPENDITURES				
Current:				
General government administration	\$ 1,731,216	\$ 1,851,028	\$ 1,722,099	\$ 128,929
Judicial administration	1,174,893	1,356,571	1,249,062	107,509
Public safety	7,697,202	8,373,982	7,795,372	578,610
Public works	1,618,113	1,669,290	1,519,158	150,132
Health and welfare	3,351,470	3,354,482	2,988,596	365,886
Education	5,126,881	5,126,881	4,767,759	359,122
Parks, recreation, and cultural	546,889	552,942	508,802	44,140
Community development	1,015,767	1,056,347	872,151	184,196
Nondepartmental	60,000	-	-	-
Capital projects	64,700	72,942	140,619	(67,677)
Debt service:				
Principal retirement	929,447	929,347	929,347	-
Interest and other fiscal charges	2,130,474	2,174,025	1,477,347	696,678
Total expenditures	\$ 25,447,052	\$ 26,517,837	\$ 23,970,312	\$ 2,547,525
Excess (deficiency) of revenues over (under) expenditures	\$ (827,235)	\$ (1,383,933)	\$ 2,105,192	\$ 3,489,125
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 70,000	\$ 827,998	\$ 150,000	\$ (677,998)
Transfers out	(158,648)	(794,031)	(820,073)	(26,042)
Total other financing sources (uses)	\$ (88,648)	\$ 33,967	\$ (670,073)	\$ (704,040)
Net change in fund balances	\$ (915,883)	\$ (1,349,966)	\$ 1,435,119	\$ 2,785,085
Fund balances - beginning	915,883	1,349,966	5,863,079	4,513,113
Fund balances - ending	\$ -	\$ -	\$ 7,298,198	\$ 7,298,198

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, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 765,732	\$ 673,187	\$ 644,046	\$ 635,360	\$ 623,211	\$ 590,605
Interest	1,754,022	1,625,708	1,573,393	1,480,869	1,413,572	1,342,653
Differences between expected and actual experience	616,890	818,938	(137,413)	302,742	(67,963)	-
Changes of assumptions	826,679	-	(113,907)	-	-	-
Benefit payments	(1,254,800)	(1,314,751)	(1,122,783)	(1,071,608)	(943,259)	(897,006)
Net change in total pension liability	\$ 2,708,523	\$ 1,803,082	\$ 843,336	\$ 1,347,363	\$ 1,025,561	\$ 1,036,252
Total pension liability - beginning	<u>25,684,854</u>	<u>23,881,772</u>	<u>23,038,436</u>	<u>21,691,073</u>	<u>20,665,512</u>	<u>19,629,260</u>
Total pension liability - ending (a)	<u>\$ 28,393,377</u>	<u>\$ 25,684,854</u>	<u>\$ 23,881,772</u>	<u>\$ 23,038,436</u>	<u>\$ 21,691,073</u>	<u>\$ 20,665,512</u>
Plan fiduciary net position						
Contributions - employer	\$ 746,600	\$ 648,274	\$ 590,400	\$ 671,160	\$ 652,292	\$ 683,571
Contributions - employee	314,186	297,343	279,673	281,457	265,355	250,495
Net investment income	1,496,095	1,563,432	2,327,266	334,479	832,521	2,474,387
Benefit payments	(1,254,800)	(1,314,751)	(1,122,783)	(1,071,608)	(943,259)	(897,006)
Administrator changes	(14,563)	(13,496)	(13,419)	(11,736)	(11,275)	(13,188)
Other	(944)	(1,389)	(2,072)	(140)	(175)	130
Net change in plan fiduciary net position	\$ 1,286,574	\$ 1,179,413	\$ 2,059,065	\$ 203,612	\$ 795,459	\$ 2,498,389
Plan fiduciary net position - beginning	<u>22,376,270</u>	<u>21,196,857</u>	<u>19,137,792</u>	<u>18,934,180</u>	<u>18,138,721</u>	<u>15,640,332</u>
Plan fiduciary net position - ending (b)	<u>\$ 23,662,844</u>	<u>\$ 22,376,270</u>	<u>\$ 21,196,857</u>	<u>\$ 19,137,792</u>	<u>\$ 18,934,180</u>	<u>\$ 18,138,721</u>
County's net pension liability - ending (a) - (b)	\$ 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	83.34%	87.12%	88.76%	83.07%	87.29%	87.77%
Covered payroll	\$ 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	73.22%	54.16%	48.64%	73.64%	53.72%	50.97%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

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, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 174,633	\$ 175,109	\$ 162,091	\$ 171,120	\$ 182,786	\$ 188,901
Interest	501,073	490,387	492,127	495,058	475,467	456,351
Differences between expected and actual experience	38,275	(66,039)	(144,761)	(296,338)	13,249	-
Changes of assumptions	189,589	-	(104,331)	-	-	-
Benefit payments	(454,514)	(439,080)	(420,883)	(402,524)	(380,756)	(363,578)
Net change in total pension liability	\$ 449,056	\$ 160,377	\$ (15,757)	\$ (32,684)	\$ 290,746	\$ 281,674
Total pension liability - beginning	7,385,449	7,225,072	7,240,829	7,273,513	6,982,767	6,701,093
Total pension liability - ending (a)	\$ 7,834,505	\$ 7,385,449	\$ 7,225,072	\$ 7,240,829	\$ 7,273,513	\$ 6,982,767
Plan fiduciary net position						
Contributions - employer	\$ 109,545	\$ 114,202	\$ 114,901	\$ 170,680	\$ 171,319	\$ 192,536
Contributions - employee	85,570	87,560	87,028	84,569	85,375	87,366
Net investment income	471,904	506,717	768,480	109,706	284,404	863,123
Benefit payments	(454,514)	(439,080)	(420,883)	(402,524)	(380,756)	(363,578)
Administrator charges	(4,831)	(4,486)	(4,563)	(4,033)	(3,964)	(4,675)
Other	(296)	(448)	(679)	(47)	(59)	45
Net change in plan fiduciary net position	\$ 207,378	\$ 264,465	\$ 544,284	\$ (41,649)	\$ 156,319	\$ 774,817
Plan fiduciary net position - beginning	7,210,581	6,946,116	6,401,832	6,443,481	6,287,162	5,512,345
Plan fiduciary net position - ending (b)	\$ 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)	\$ 416,546	\$ 174,868	\$ 278,956	\$ 838,997	\$ 830,032	\$ 695,605
Plan fiduciary net position as a percentage of the total pension liability	94.68%	97.63%	96.14%	88.41%	88.59%	90.04%
Covered payroll	\$ 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	23.68%	9.82%	15.81%	48.77%	48.34%	39.81%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

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, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.15235%	0.16321%	0.16990%	0.17012%	0.17090%	0.17175%
Employer's Proportionate Share of the Net Pension Liability	\$ 20,050,126	\$ 19,194,000	\$ 20,894,000	\$ 23,841,000	\$ 21,510,000	\$ 20,755,000
Employer's Covered Payroll	\$ 12,712,025	\$ 13,155,134	\$ 13,363,229	\$ 12,974,082	\$ 12,706,299	\$ 12,561,207
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	157.73%	145.91%	156.35%	183.76%	169.29%	165.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.88%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Patrick, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

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					
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%
2014	683,781	683,781	-	4,957,116	13.79%
2013	633,508	633,508	-	4,589,550	13.80%
2012	512,486	512,486	-	4,515,295	11.35%
2011	495,225	495,225	-	4,363,212	11.35%
Component Unit School Board (nonprofessional)					
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%
2014	192,379	192,379	-	1,747,308	11.01%
2013	187,639	187,639	-	1,706,787	10.99%
2012	137,894	137,894	-	1,663,377	8.29%
2011	137,772	137,772	-	1,661,908	8.29%
Component Unit School Board (professional)					
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%
2014	1,559,788	1,559,788	-	12,561,207	12.42%
2013	1,925,968	1,925,968	-	12,391,074	15.54%
2012	1,391,835	1,391,835	-	12,362,402	11.26%
2011	1,102,668	1,102,668	-	12,347,911	8.93%

County of Patrick, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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, 2018 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%

All Others (Non-10 Largest) - 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	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

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	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 27,921	\$ 17,363	\$ 15,596
Interest	15,288	12,279	9,877
Effect of economic/demographic gains or losses	-	37,025	-
Changes in assumptions	33,585	108,743	(7,277)
Benefit payments	(33,221)	(25,691)	(18,235)
Net change in total OPEB liability	\$ 43,573	\$ 149,719	\$ (39)
Total OPEB liability - beginning	425,323	275,604	275,643
Total OPEB liability - ending	\$ 468,896	\$ 425,323	\$ 275,604
 Covered payroll	 \$ 6,411,197	 \$ 6,411,197	 \$ 5,453,800
 County's total OPEB liability as a percentage of covered payroll	 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, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 178,836	\$ 130,150	\$ 142,406
Interest	107,635	103,583	102,174
Effect of economic/demographic gains or losses	-	(279,540)	-
Changes in assumptions	279,152	218,241	(86,103)
Benefit payments	(111,090)	(92,861)	(125,748)
Net change in total OPEB liability	\$ 454,533	\$ 79,573	\$ 32,729
Total OPEB liability - beginning	2,951,504	2,871,931	2,839,202
Total OPEB liability - ending	\$ 3,406,037	\$ 2,951,504	\$ 2,871,931
 Covered payroll	 \$ 14,396,228	 \$ 14,396,228	 \$ 14,984,000
 School Board's total OPEB liability as a percentage of covered payroll	 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, 2020

Primary Government and Component Unit School Board

Valuation Date: 1/1/2019
Measurement Date: 6/30/2020

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	2.21% as of June 30, 2020
Inflation	2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.80% 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).

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, 2019

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2019	0.0331%	\$ 537,974	\$ 6,481,527	8.30%	52.00%
2018	0.0321%	488,000	6,108,403	7.99%	51.22%
2017	0.0299%	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, 2019

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)
2019	0.0090% \$	146,453 \$	1,763,835	8.30%	52.00%
2018	0.0094%	143,000	1,781,608	8.03%	51.22%
2017	0.0096%	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, 2019

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)
2019	0.0649%	\$ 1,055,282	\$ 12,711,488	8.30%	52.00%
2018	0.0692%	1,051,000	13,155,134	7.99%	51.22%
2017	0.0725%	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, 2011 through June 30, 2020

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					
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%
2014	23,794	23,794	-	4,957,116	0.48%
2013	22,030	22,030	-	4,589,550	0.48%
2012	12,643	12,643	-	4,515,295	0.28%
2011	12,217	12,217	-	4,363,212	0.28%
Component Unit School Board (nonprofessional)					
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%
2014	8,392	8,392	-	1,747,308	0.48%
2013	8,193	8,193	-	1,706,787	0.48%
2012	4,657	4,657	-	1,663,377	0.28%
2011	4,653	4,653	-	1,661,908	0.28%
Component Unit School Board (professional)					
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%
2014	60,294	60,294	-	12,561,207	0.48%
2013	59,477	59,477	-	12,391,074	0.48%
2012	34,615	34,615	-	12,362,402	0.28%
2011	34,573	34,573	-	12,347,911	0.28%

County of Patrick, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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, 2018 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:

Teachers

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	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability 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%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Patrick, Virginia
Schedule of Changes in the County's Net OPEB Liability and Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Date of June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
Total HIC OPEB Liability		
Service cost	\$ 1,541	\$ 1,961
Interest	1,987	(8)
Differences between expected and actual experience	323	28,414
Changes of assumptions	977	-
Benefit payments	(3,473)	(240)
Net change in total HIC OPEB liability	<u>\$ 1,355</u>	<u>\$ 30,127</u>
Total HIC OPEB Liability - beginning	<u>30,127</u>	<u>-</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 31,482</u></u>	<u><u>\$ 30,127</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 1,943	\$ 2,501
Net investment income	69	23
Benefit payments	(3,473)	(240)
Administrator charges	-	(3)
Net change in plan fiduciary net position	<u>\$ (1,461)</u>	<u>\$ 2,281</u>
Plan fiduciary net position - beginning	<u>2,281</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 820</u></u>	<u><u>\$ 2,281</u></u>
 County's net HIC OPEB liability - ending (a) - (b)	 \$ 30,662	 \$ 27,846
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 2.60%	 7.57%
 Covered payroll	 \$ 1,493,942	 \$ 1,470,653
 County's net HIC OPEB liability as a percentage of covered payroll	 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 Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2018 through June 30, 2020

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
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%

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
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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, 2018, valuation were based on the results of the 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 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability 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%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019

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)
2019	0.1515%	\$ 1,983,413	\$ 12,711,488	15.60%	8.97%
2018	0.1627%	2,065,000	13,155,362	15.70%	8.08%
2017	0.1693%	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, 2011 through June 30, 2020

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
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%
2014	139,415	139,415	-	12,559,948	1.11%
2013	135,665	135,665	-	12,222,042	1.11%
2012	73,707	73,707	-	12,284,507	0.60%
2011	74,087	74,087	-	12,347,910	0.60%

County of Patrick, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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, 2018 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:

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	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020

	Asset Forfeiture Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Revenue from the use of money and property	\$ -	\$ 253	\$ 724	\$ 471	
Intergovernmental:					
Commonwealth	-	66,048	174,092	108,044	
Total revenues	\$ -	\$ 66,301	\$ 174,816	\$ 108,515	
EXPENDITURES					
Current:					
Public safety	\$ -	\$ 65,223	\$ 65,246	\$ (23)	
Total expenditures	\$ -	\$ 65,223	\$ 65,246	\$ (23)	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 1,078	\$ 109,570	\$ 108,492	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 26,042	\$ 26,042	
Transfers out	-	(1,078)	-	1,078	
Total other financing sources and uses	\$ -	\$ (1,078)	\$ 26,042	\$ 27,120	
Net change in fund balances	\$ -	\$ -	\$ 135,612	\$ 135,612	
Fund balances - beginning	-	-	47,559	47,559	
Fund balances - ending	\$ -	\$ -	\$ 183,171	\$ 183,171	

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.

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

County of Patrick, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Dehart Cemetery</u>	<u>Jail Canteen</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,912	\$ 6,000	\$ 26,000	\$ 39,912
Receivables:				
Other receivables	-	-	8,034	8,034
Total assets	<u>\$ 7,912</u>	<u>\$ 6,000</u>	<u>\$ 34,034</u>	<u>\$ 47,946</u>
LIABILITIES				
Accounts payable for inmates	\$ -	\$ -	\$ 5,391	\$ 5,391
Amounts held for Social Services clients	7,912	-	-	7,912
Amounts held for DeHart Cemetery	-	6,000	-	6,000
Amounts held for inmates	-	-	28,643	28,643
Total liabilities	<u>\$ 7,912</u>	<u>\$ 6,000</u>	<u>\$ 34,034</u>	<u>\$ 47,946</u>

County of Patrick, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Agency Funds			
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	\$ 3,377	\$ 41,900	\$ 37,365	\$ 7,912
Dehart Cemetery Fund	6,000	120	120	6,000
Jail Canteen Fund	24,348	225,782	224,130	26,000
Other receivables:				
Jail Canteen Fund	3,949	8,034	3,949	8,034
Total assets	<u>\$ 37,674</u>	<u>\$ 275,836</u>	<u>\$ 265,564</u>	<u>\$ 47,946</u>
LIABILITIES				
Amounts held for Social Services clients	\$ 3,377	\$ 41,900	\$ 37,365	\$ 7,912
Amounts held for Dehart Cemetery	6,000	120	120	6,000
Amounts held for inmates	24,568	228,425	224,350	28,643
Accounts payable for inmates	3,729	5,391	3,729	5,391
Total liabilities	<u>\$ 37,674</u>	<u>\$ 275,836</u>	<u>\$ 265,564</u>	<u>\$ 47,946</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.

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 1,418,996
Cash in custody of others	200
Investments	125,196
Receivables (net of allowance for uncollectibles)	
Accounts receivable	127,567
Due from other governmental units	856,726
Inventories	64,664
Prepaid items	256,925
Total assets	<u>\$ 2,850,274</u>
LIABILITIES	
Accounts payable	\$ 130,956
Salaries payable	1,133,965
Due to primary government	1,110,262
Total liabilities	<u>\$ 2,375,183</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 256,925
Inventories	64,664
Restricted:	
Cafeteria	410,227
Committed:	
Education	200
Unassigned	(256,925)
Total fund balances	<u>\$ 475,091</u>
Total liabilities and fund balances	<u>\$ 2,850,274</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 475,091
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 561,748
Construction in progress	184,072
Building and improvements	7,186,577
Machinery and equipment	<u>1,849,051</u>
	9,781,448
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 4,194,559
OPEB related items	<u>855,937</u>
	5,050,496
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital leases	\$ (220,762)
Compensated absences	(472,322)
Accrued interest payable	(3,634)
Net pension liability	(20,466,672)
Net OPEB liabilities	<u>(6,591,185)</u>
	(27,754,575)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (3,567,410)
OPEB related items	<u>(683,802)</u>
	(4,251,212)
Net position of governmental activities	<u>\$ (16,698,752)</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, 2020

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 1,796
Charges for services	130,393
Miscellaneous	366,246
Recovered costs	224,883
Intergovernmental:	
Local government	4,750,437
Commonwealth	19,229,575
Federal	2,516,945
Total revenues	<u>\$ 27,220,275</u>
EXPENDITURES	
Current:	
Education	\$ 26,760,283
Debt service:	
Principal retirement	106,406
Interest and other fiscal charges	8,080
Total expenditures	<u>\$ 26,874,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 345,506</u>
Net change in fund balances	\$ 345,506
Fund balances - beginning	129,585
Fund balances - ending	<u><u>\$ 475,091</u></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	\$ 345,506
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital outlay	\$ 155,339
Contributed assets from County of Patrick as debt was paid completely	1,464,679
Depreciation expense	<u>(867,117)</u>
	752,901
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:	
Capital leases	106,406
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	\$ (21,472)
Change in accrued interest payable	1,752
Change in net pension liabilities and related deferred items	282,853
Change in net OPEB liabilities and related deferred items	<u>(100,869)</u>
	162,264
Change in net position of governmental activities	<u><u>\$ 1,367,077</u></u>

County of Patrick, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	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	\$ 1,796	\$ 546
Charges for services	572,383	572,383	130,393	(441,990)
Miscellaneous	316,500	316,500	366,246	49,746
Recovered costs	125,000	259,237	224,883	(34,354)
Intergovernmental:				
Local government	5,109,559	5,109,559	4,750,437	(359,122)
Commonwealth	19,545,970	19,561,913	19,229,575	(332,338)
Federal	2,333,751	2,333,751	2,516,945	183,194
Total revenues	\$ 28,004,413	\$ 28,154,593	\$ 27,220,275	\$ (934,318)
EXPENDITURES				
Current:				
Education	\$ 27,889,927	\$ 28,040,107	\$ 26,760,283	\$ 1,279,824
Debt service:				
Principal retirement	106,406	106,406	106,406	-
Interest and other fiscal charges	8,080	8,080	8,080	-
Total expenditures	\$ 28,004,413	\$ 28,154,593	\$ 26,874,769	\$ 1,279,824
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 345,506	\$ 345,506
Net change in fund balances	\$ -	\$ -	\$ 345,506	\$ 345,506
Fund balances - beginning	-	-	129,585	129,585
Fund balances - ending	\$ -	\$ -	\$ 475,091	\$ 475,091

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 1
Page 1 of 4

<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	\$ 10,577,274	\$ 10,577,274	\$ 10,696,304	\$ 119,030
Real and personal public service corporation taxes	431,000	431,000	603,872	172,872
Personal property taxes	1,847,193	1,847,193	2,194,954	347,761
Mobile home taxes	88,923	88,923	100,095	11,172
Machinery and tools taxes	630,982	630,982	707,108	76,126
Penalties	75,000	75,000	154,426	79,426
Interest	75,000	75,000	85,646	10,646
Total general property taxes	\$ 13,725,372	\$ 13,725,372	\$ 14,542,405	\$ 817,033
Other local taxes:				
Local sales and use taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,341,836	\$ 241,836
Consumers' utility taxes	410,000	410,000	410,257	257
Gross receipts tax	8,000	8,000	4,475	(3,525)
Consumption taxes	58,000	58,000	54,434	(3,566)
Motor vehicle licenses	450,000	450,000	455,497	5,497
Bank stock taxes	20,000	20,000	10,053	(9,947)
Taxes on recordation and wills	68,000	68,000	131,050	63,050
Hotel and motel room taxes	517,401	520,718	335,266	(185,452)
Food and beverage taxes	-	-	42,372	42,372
Total other local taxes	\$ 2,631,401	\$ 2,634,718	\$ 2,785,240	\$ 150,522
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 13,600	\$ 13,600	\$ 22,031	\$ 8,431
Transfer fees	800	800	811	11
Erosion and sediment control permits	1,000	1,000	8,772	7,772
Building permits	42,000	42,000	41,174	(826)
Total permits, privilege fees, and regulatory licenses	\$ 57,400	\$ 57,400	\$ 72,788	\$ 15,388
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 20,401	\$ (4,599)
Revenue from use of money and property:				
Revenue from use of money	\$ 5,150	\$ 5,150	\$ 30,731	\$ 25,581
Revenue from use of property	19,000	19,000	16,734	(2,266)
Total revenue from use of money and property	\$ 24,150	\$ 24,150	\$ 47,465	\$ 23,315
Charges for services:				
Charges for courthouse maintenance	\$ -	\$ -	\$ 3,100	\$ 3,100
Charges for courthouse security fees	-	-	13,077	13,077
Charges for Commonwealth's Attorney	5,000	5,000	3,534	(1,466)
Charges for ambulance	245,000	248,953	236,054	(12,899)
Charges for sanitation and waste removal	328,400	328,400	269,841	(58,559)
Charges for parks and recreation	22,000	30,727	13,554	(17,173)
Charges for credit card collections	4,000	6,500	4,849	(1,651)
Charges for copies	6,100	9,234	9,641	407
Charges for recycling	3,000	3,000	3,529	529
Charges for library	-	-	911	911
Total charges for services	\$ 613,500	\$ 631,814	\$ 558,090	\$ (73,724)
Miscellaneous:				
Miscellaneous	\$ 31,799	\$ 79,130	\$ 75,526	\$ (3,604)
Donations	-	19,810	82,588	62,778
Donations - Patrick County EDA broadband match	-	-	40,000	40,000
Total miscellaneous	\$ 31,799	\$ 98,940	\$ 198,114	\$ 99,174

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 1
Page 2 of 4

<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	\$ 214,484	\$ 225,999	\$ 218,696	\$ (7,303)
Charges for jail inmates	248,394	271,557	440,326	168,769
Law enforcement	25,000	25,000	15,480	(9,520)
Other recovered costs	158,600	270,765	244,734	(26,031)
Total recovered costs	\$ 646,478	\$ 793,321	\$ 919,236	\$ 125,915
Total revenue from local sources	\$ 17,755,100	\$ 17,990,715	\$ 19,143,739	\$ 1,153,024
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 100	\$ 100	\$ 18	\$ (82)
Mobile home titling tax	35,000	35,000	41,606	6,606
Motor vehicle rental tax	500	500	1,932	1,432
State recordation tax	50,000	50,000	25,529	(24,471)
Communications tax	450,000	450,000	405,047	(44,953)
Personal property tax relief funds	688,659	688,659	688,659	-
Total noncategorical aid	\$ 1,224,259	\$ 1,224,259	\$ 1,162,791	\$ (61,468)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 284,722	\$ 349,469	\$ 324,537	\$ (24,932)
Sheriff	2,220,294	2,238,276	2,177,146	(61,130)
Commissioner of revenue	109,656	109,656	108,616	(1,040)
Treasurer	91,695	91,695	89,275	(2,420)
Registrar/electoral board	39,000	42,368	53,114	10,746
Clerk of the circuit court	224,920	231,424	242,949	11,525
Total shared expenses	\$ 2,970,287	\$ 3,062,888	\$ 2,995,637	\$ (67,251)
Other categorical aid:				
State welfare funds	\$ 553,430	\$ 553,430	\$ 493,269	\$ (60,161)
Children's services	650,000	650,000	518,491	(131,509)
Litter control grant	8,500	8,500	6,875	(1,625)
Victim witness grant	70,000	70,275	17,269	(53,006)
Fire programs	47,186	110,632	62,215	(48,417)
Commission for the arts	4,500	4,500	4,500	-
E-911 wireless funds	50,000	51,418	68,627	17,209
Tourism grants	-	7,534	1,600	(5,934)
Emergency service grant	20,000	70,707	61,698	(9,009)
Total other categorical aid	\$ 1,403,616	\$ 1,526,996	\$ 1,234,544	\$ (292,452)
Total categorical aid	\$ 4,373,903	\$ 4,589,884	\$ 4,230,181	\$ (359,703)
Total revenue from the Commonwealth	\$ 5,598,162	\$ 5,814,143	\$ 5,392,972	\$ (421,171)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 21,000	\$ 21,000	\$ 22,781	\$ 1,781
Federal interest subsidy	93,000	93,000	80,827	(12,173)
Total noncategorical aid	\$ 114,000	\$ 114,000	\$ 103,608	\$ (10,392)

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Federal welfare funds	\$ 1,041,305	\$ 1,041,305	\$ 1,055,447	\$ 14,142
Violence against woment grant	40,000	40,000	50,000	10,000
Emergency management performance grant	7,500	35,960	35,960	-
Victim witness grant	10,000	20,613	51,808	31,195
COVID-19 Provider relief grants	-	-	7,859	7,859
Justice assistance grant	-	-	2,000	2,000
Highway safety grants	20,000	22,560	26,166	3,606
Children's services	-	-	4,660	4,660
ARC grants	-	5,000	15,000	10,000
COVID-19 Coronavirus relief fund grants	-	15,858	144,936	129,078
Law enforcement block grants	33,750	33,750	41,349	7,599
Total categorical aid	<u>\$ 1,152,555</u>	<u>\$ 1,215,046</u>	<u>\$ 1,435,185</u>	<u>\$ 220,139</u>
Total revenue from the federal government	<u>\$ 1,266,555</u>	<u>\$ 1,329,046</u>	<u>\$ 1,538,793</u>	<u>\$ 209,747</u>
Total General Fund	<u><u>\$ 24,619,817</u></u>	<u><u>\$ 25,133,904</u></u>	<u><u>\$ 26,075,504</u></u>	<u><u>\$ 941,600</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	\$ -	\$ 253	\$ 724	\$ 471
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets	\$ -	\$ 66,048	\$ 174,092	\$ 108,044
Total Asset Forfeiture fund	<u>\$ -</u>	<u>\$ 66,301</u>	<u>\$ 174,816</u>	<u>\$ 108,515</u>
Total Primary Government	<u><u>\$ 24,619,817</u></u>	<u><u>\$ 25,200,205</u></u>	<u><u>\$ 26,250,320</u></u>	<u><u>\$ 1,050,115</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	\$ -	\$ -	\$ 1,796	\$ 1,796
Revenue from the use of property	1,250	1,250	-	(1,250)
Total revenue from use of money and property	<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>\$ 1,796</u>	<u>\$ 546</u>
Charges for services:				
Transportation of pupils	\$ 84,756	\$ 84,756	\$ 10,493	\$ (74,263)
Cafeteria sales	487,627	487,627	119,900	(367,727)
Total charges for services	<u>\$ 572,383</u>	<u>\$ 572,383</u>	<u>\$ 130,393</u>	<u>\$ (441,990)</u>
Miscellaneous:				
Other miscellaneous	\$ 316,500	\$ 316,500	\$ 366,246	\$ 49,746
Recovered costs:				
Other recovered costs	\$ 125,000	\$ 259,237	\$ 224,883	\$ (34,354)
Total revenue from local sources	<u><u>\$ 1,015,133</u></u>	<u><u>\$ 1,149,370</u></u>	<u><u>\$ 723,318</u></u>	<u><u>\$ (426,052)</u></u>

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Patrick, Virginia	\$ 5,109,559	\$ 5,109,559	\$ 4,750,437	\$ (359,122)
Revenues from the Commonwealth:				
Categorical aid:				
At risk payments	\$ 476,101	\$ 476,101	\$ 463,066	\$ (13,035)
At risk four year olds	346,341	346,341	322,289	(24,052)
Basic school aid	9,783,800	9,783,800	9,430,182	(353,618)
Breakfast after the bell	-	-	1,180	1,180
Early reading intervention	73,710	73,710	73,710	-
English as a second language	44,506	44,506	42,460	(2,046)
Fringe benefits-Life insurance	39,921	39,921	38,868	(1,053)
Fringe benefits-Retirement	1,281,274	1,281,274	1,247,464	(33,810)
Fringe benefits-Social security	579,805	579,805	564,505	(15,300)
GED Prep	8,355	8,355	8,387	32
Gifted and talented	93,149	93,149	90,691	(2,458)
Homebound education	32,235	32,235	26,510	(5,725)
Mentor teacher program	1,857	1,857	1,053	(804)
Primary class size	509,568	509,568	518,276	8,708
Regular foster care	9,562	9,562	18,193	8,631
Remedial education	344,081	344,081	335,001	(9,080)
School food	40,040	40,040	44,670	4,630
Share of state sales tax	2,750,850	2,750,850	2,801,328	50,478
Special education	1,326,898	1,326,898	1,291,884	(35,014)
Special education - foster children	-	-	9,168	9,168
Standards of Learning algebra readiness	41,172	41,172	44,564	3,392
State lottery payments	668,999	668,999	677,425	8,426
Supplemental support for schools	362,998	362,998	362,999	1
Textbook payment	191,412	191,412	186,361	(5,051)
Vocational education equipment and preparedness grants	-	-	45,054	45,054
Vocational standards of quality payments	302,259	302,259	294,283	(7,976)
Other state funds	5,077	21,020	58,004	36,984
VPSA technology grant	232,000	232,000	232,000	-
Total categorical aid	\$ 19,545,970	\$ 19,561,913	\$ 19,229,575	\$ (332,338)
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ 49,251	\$ 49,251	\$ -	\$ (49,251)
Equipment assistance grant	37,167	37,167	18,414	(18,753)
Rural school program	52,392	52,392	323	(52,069)
School breakfast program	155,711	155,711	312,085	156,374
School lunch program	519,600	519,600	666,066	146,466
Summer feeding program	-	-	129,026	129,026
Title I	742,218	742,218	761,855	19,637
Title II, part A	98,259	98,259	84,304	(13,955)
Title III - Limited English proficient	6,892	6,892	-	(6,892)
Title VI-B, special education flow-through	554,830	554,830	520,191	(34,639)
Title VI-B, special education preschool	13,542	13,542	13,097	(445)
Title IV, part A	52,451	52,451	6,647	(45,804)
Vocational education	51,438	51,438	4,937	(46,501)
Total categorical aid	\$ 2,333,751	\$ 2,333,751	\$ 2,516,945	\$ 183,194
Total revenue from the federal government	\$ 2,333,751	\$ 2,333,751	\$ 2,516,945	\$ 183,194
Total Discretely Presented Component Unit - School Board	\$ 28,004,413	\$ 28,154,593	\$ 27,220,275	\$ (934,318)

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 68,810	\$ 71,203	\$ 65,062	\$ 6,141
General and financial administration:				
County administrator	\$ 313,300	\$ 320,594	\$ 286,148	\$ 34,446
Finance	174,775	174,863	166,620	8,243
Audit services	50,000	50,000	53,750	(3,750)
Legal services	43,800	44,720	43,813	907
Commissioner of revenue	303,218	303,166	284,363	18,803
DMV agent office	62,406	61,829	55,196	6,633
Treasurer	358,790	370,297	336,455	33,842
Reassessment	141,524	236,234	236,958	(724)
Tax mapping	60,079	60,174	59,240	934
Total general and financial administration	\$ 1,507,892	\$ 1,621,877	\$ 1,522,543	\$ 99,334
Board of elections:				
Electoral board and officials	\$ 68,600	\$ 68,600	\$ 54,581	\$ 14,019
Registrar	85,914	89,348	79,913	9,435
Total board of elections	\$ 154,514	\$ 157,948	\$ 134,494	\$ 23,454
Total general government administration	\$ 1,731,216	\$ 1,851,028	\$ 1,722,099	\$ 128,929
Judicial administration:				
Courts:				
Circuit court	\$ 56,380	\$ 64,100	\$ 63,395	\$ 705
General district court	25,816	25,053	9,314	15,739
Special magistrates	2,619	2,980	2,813	167
Juvenile and domestic relations court	7,225	7,237	6,908	329
Juvenile and domestic relations court services	42,330	42,330	11,568	30,762
Victim witness program	70,000	70,275	69,203	1,072
Courtroom security	126,952	205,761	206,860	(1,099)
Clerk of the circuit court	362,877	393,045	372,765	20,280
Total courts	\$ 694,199	\$ 810,781	\$ 742,826	\$ 67,955
Commonwealth's attorney:				
Commonwealth's attorney	\$ 480,694	\$ 545,790	\$ 506,236	\$ 39,554
Total judicial administration	\$ 1,174,893	\$ 1,356,571	\$ 1,249,062	\$ 107,509
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,743,315	\$ 2,860,484	\$ 2,791,651	\$ 68,833
Sheriff-school resource officer	486,351	438,014	410,267	27,747
Total law enforcement and traffic control	\$ 3,229,666	\$ 3,298,498	\$ 3,201,918	\$ 96,580
Fire and rescue services:				
Volunteer fire departments	\$ 437,492	\$ 671,229	\$ 604,698	\$ 66,531
Volunteer emergency operations	740,422	900,342	855,128	45,214
E-911 department	673,191	688,079	538,040	150,039
Total fire and rescue services	\$ 1,851,105	\$ 2,259,650	\$ 1,997,866	\$ 261,784
Correction and detention:				
Sheriff-correction and detention	\$ 1,963,855	\$ 2,123,295	\$ 2,045,590	\$ 77,705
Juvenile detention	13,882	13,882	13,882	-
Total correction and detention	\$ 1,977,737	\$ 2,137,177	\$ 2,059,472	\$ 77,705

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 164,492	\$ 165,669	\$ 136,233	\$ 29,436
Other protection:				
Animal control	\$ 160,368	\$ 177,370	\$ 161,155	\$ 16,215
Erosion and soil	54,425	54,363	51,328	3,035
Storm water management	15,119	15,119	14,864	255
Emergency services	243,790	265,636	172,296	93,340
Medical examiner	500	500	240	260
Total other protection	\$ 474,202	\$ 512,988	\$ 399,883	\$ 113,105
Total public safety	\$ 7,697,202	\$ 8,373,982	\$ 7,795,372	\$ 578,610
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 704,606	\$ 717,791	\$ 701,117	\$ 16,674
Maintenance of general buildings and grounds:				
General properties	\$ 913,507	\$ 951,499	\$ 818,041	\$ 133,458
Total public works	\$ 1,618,113	\$ 1,669,290	\$ 1,519,158	\$ 150,132
Health and welfare:				
Health:				
Supplement of local health department	\$ 169,083	\$ 169,083	\$ 169,083	\$ -
Behavioral health and development services:				
Behavioral health	\$ 32,700	\$ 32,939	\$ 20,984	\$ 11,955
Contribution to local community services board	71,179	71,179	71,179	-
Total behavioral health and development services	\$ 103,879	\$ 104,118	\$ 92,163	\$ 11,955
Welfare:				
Contribution to area on aging	\$ 2,252	\$ 2,252	\$ 2,252	\$ -
Public assistance	2,076,256	2,079,029	1,978,118	100,911
Children's Services Act (CSA)	1,000,000	1,000,000	746,980	253,020
Total welfare	\$ 3,078,508	\$ 3,081,281	\$ 2,727,350	\$ 353,931
Total health and welfare	\$ 3,351,470	\$ 3,354,482	\$ 2,988,596	\$ 365,886
Education:				
Other instructional costs:				
Contributions to Community College	\$ 17,322	\$ 17,322	\$ 17,322	\$ -
Contribution to County School Board	5,109,559	5,109,559	4,750,437	359,122
Total education	\$ 5,126,881	\$ 5,126,881	\$ 4,767,759	\$ 359,122
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 266,107	\$ 272,160	\$ 228,020	\$ 44,140
Library:				
Contribution to regional library	\$ 280,782	\$ 280,782	\$ 280,782	\$ -
Total parks, recreation, and cultural	\$ 546,889	\$ 552,942	\$ 508,802	\$ 44,140

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Community development	\$ 182,196	\$ 182,266	\$ 181,318	\$ 948
Tourism	517,401	525,709	351,417	174,292
Economic development	79,542	106,006	96,834	9,172
Total planning and community development	<u>\$ 779,139</u>	<u>\$ 813,981</u>	<u>\$ 629,569</u>	<u>\$ 184,412</u>
Environmental management:				
Soil and water district	<u>\$ 119,546</u>	<u>\$ 125,284</u>	<u>\$ 125,281</u>	<u>\$ 3</u>
Cooperative extension program:				
Extension office	<u>\$ 117,082</u>	<u>\$ 117,082</u>	<u>\$ 117,301</u>	<u>\$ (219)</u>
Total community development	<u>\$ 1,015,767</u>	<u>\$ 1,056,347</u>	<u>\$ 872,151</u>	<u>\$ 184,196</u>
Nondepartmental:				
Accrued leave balances	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital projects:				
Transfer station flooring	\$ -	\$ -	\$ 135,347	\$ (135,347)
Other capital projects	<u>64,700</u>	<u>72,942</u>	<u>5,272</u>	<u>67,670</u>
Total capital projects	<u>\$ 64,700</u>	<u>\$ 72,942</u>	<u>\$ 140,619</u>	<u>\$ (67,677)</u>
Debt service:				
Principal retirement	\$ 929,447	\$ 929,347	\$ 929,347	\$ -
Interest and other fiscal charges	<u>2,130,474</u>	<u>2,174,025</u>	<u>1,477,347</u>	<u>696,678</u>
Total debt service	<u>\$ 3,059,921</u>	<u>\$ 3,103,372</u>	<u>\$ 2,406,694</u>	<u>\$ 696,678</u>
Total General Fund	<u>\$ 25,447,052</u>	<u>\$ 26,517,837</u>	<u>\$ 23,970,312</u>	<u>\$ 2,547,525</u>
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	<u>\$ -</u>	<u>\$ 65,223</u>	<u>\$ 65,246</u>	<u>\$ (23)</u>
Total Asset Forfeiture fund	<u>\$ -</u>	<u>\$ 65,223</u>	<u>\$ 65,246</u>	<u>\$ (23)</u>
Total Primary Government	<u>\$ 25,447,052</u>	<u>\$ 26,583,060</u>	<u>\$ 24,035,558</u>	<u>\$ 2,547,502</u>

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,544,189	\$ 1,544,189	\$ 1,442,968	\$ 101,221
Instruction costs:				
Instructional costs	\$ 18,576,410	\$ 18,710,647	\$ 18,157,397	\$ 553,250
Technology	1,601,979	1,614,422	1,594,728	19,694
Total instruction costs	\$ 20,178,389	\$ 20,325,069	\$ 19,752,125	\$ 572,944
Operating costs:				
Pupil transportation	\$ 2,114,552	\$ 2,114,552	\$ 1,821,697	\$ 292,855
Operation and maintenance of school plant	2,247,390	2,250,890	2,252,075	(1,185)
Food service and non-instructional	1,493,656	1,493,656	1,345,806	147,850
Facilities	311,751	311,751	145,612	166,139
Total operating costs	\$ 6,167,349	\$ 6,170,849	\$ 5,565,190	\$ 605,659
Total education	\$ 27,889,927	\$ 28,040,107	\$ 26,760,283	\$ 1,279,824
Debt service:				
Principal retirement	\$ 106,406	\$ 106,406	\$ 106,406	\$ -
Interest and other fiscal charges	8,080	8,080	8,080	-
Total debt service	\$ 114,486	\$ 114,486	\$ 114,486	\$ -
Total Discretely Presented Component Unit - School Board	\$ 28,004,413	\$ 28,154,593	\$ 26,874,769	\$ 1,279,824

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
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
2013-14	1,579,706	727,953	6,082,736	1,453,885	1,720,817	8,748,911	469,479	573,776	1,701,434	801,491	23,860,188
2012-13	1,129,245	720,041	5,294,984	1,219,203	1,715,921	8,434,803	497,565	1,961,182	1,737,202	284,378	22,994,524
2011-12	1,080,635	687,006	2,857,489	1,218,942	1,734,701	4,821,016	171,656	870,585	1,778,415	215,737	15,436,182
2010-11	1,101,780	682,045	5,012,068	1,352,902	1,676,559	5,021,544	479,442	931,949	1,876,169	52,409	18,186,867

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 (2)	Grants and Contributions Not Restricted to Specific Programs (1)		
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	
2013-14	526,899	4,127,970	117,953	11,252,512	2,228,527	30,930	1,548,947	1,260,137	21,093,875	
2012-13	400,289	4,768,248	1,168,785	11,277,130	2,205,676	37,613	185,323	1,321,311	21,364,375	
2011-12	380,937	4,205,478	-	11,311,703	2,120,029	13,462	1,717,362	1,245,402	20,994,373	
2010-11	424,797	5,276,962	-	11,210,900	2,092,000	57,049	211,782	1,304,116	20,577,606	

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

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

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Debt Service	Total
2019-20	\$ 1,722,099	\$ 1,249,062	\$ 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	1,139,437	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	1,049,636	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	882,011	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	836,644	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	815,155	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
2013-14	1,596,476	724,378	6,112,925	1,391,541	1,695,066	25,167,398	482,503	630,345	-	3,015,908	40,816,540
2012-13	1,302,404	714,323	5,245,398	1,378,724	1,738,616	24,854,973	484,690	1,890,320	-	2,998,449	40,607,897
2011-12	1,315,043	698,740	5,409,834	1,204,719	1,792,357	24,745,312	492,844	873,669	61,433	2,903,175	39,497,126
2010-11	1,341,103	683,627	5,039,294	1,361,251	1,881,784	23,994,115	485,882	890,656	-	2,589,445	38,267,157

(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 (3)	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
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
2013-14	11,378,490	2,228,527	81,031	18,892	33,409	1,102,511	160,715	1,136,560	24,688,399	40,828,534
2012-13	11,301,734	2,205,676	60,007	18,201	29,888	845,646	429,315	1,295,934	24,367,985	40,554,386
2011-12	11,184,689	2,120,029	95,442	16,377	19,678	805,300	1,189,965	605,630	23,721,899	39,759,009
2010-11	11,046,404	2,092,000	82,905	26,708	66,548	828,660	1,091,847	442,105	23,875,791	39,552,968

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

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

(3) 2009-2010 was the first year that the County implemented twice-year collections for real estate.

Table 5

County of Patrick, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
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%
2013-14	11,213,531	10,885,053	97.07%	301,174	11,186,227	99.76%	1,034,713	9.23%
2012-13	11,034,952	10,805,696	97.92%	304,939	11,110,635	100.69%	1,166,071	10.57%
2011-12	11,028,994	10,753,469	97.50%	267,374	11,020,843	99.93%	1,183,290	10.73%
2010-11	10,729,935	10,274,440	95.75%	186,770	10,461,210	97.50%	811,357	7.56%

(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
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
2013-14	1,747,596,250	164,524,594	35,330,203	73,199,458	2,020,650,505
2012-13	1,739,594,600	163,831,979	34,548,797	52,520,654	1,990,496,030
2011-12	1,732,478,250	161,666,824	33,603,847	67,438,239	1,995,187,160
2010-11	1,724,443,955	161,488,870	36,202,239	64,197,225	1,986,332,289

(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
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
2013-14	0.48	1.71	1.71	0.48
2012-13	0.48	1.71	1.71	0.48
2011-12	0.48	1.71	1.71	0.48
2010-11	0.48	1.71	1.71	0.48

(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
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
2013-14	18,490	2,020,651	32,636,386	32,636,386	1.62%	1,765
2012-13	18,490	1,990,496	33,722,870	33,722,870	1.69%	1,824
2011-12	18,490	1,995,187	34,782,901	34,782,901	1.74%	1,881
2010-11	18,490	1,986,332	35,812,106	35,812,106	1.80%	1,937

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, revenue bonds, and literary fund loans.
Excludes capital leases and compensated absences.

Table 9

County of Patrick, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1), (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
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%
2013-14	1,290,577	1,725,331	3,015,908	40,816,540	7.39%
2012-13	1,228,615	1,769,834	2,998,449	40,607,897	7.38%
2011-12	1,185,427	1,717,748	2,903,175	39,497,126	7.35%
2010-11	894,887	1,694,558	2,589,445	38,267,157	6.77%

(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, 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, 2020, 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 November 30, 2020.

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 may exist that have not been identified.

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

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.

A handwritten signature in black ink that reads "Robinson, Famer, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia
November 30, 2020



**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

We have audited the County of Patrick, Virginia's compliance with the types of compliance requirements described 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, 2020. The County of Patrick, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Patrick, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Patrick, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Patrick, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Patrick, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.


Report on Internal Control over Compliance

Management of the County of Patrick, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Patrick, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Patrick, Virginia's internal control over compliance.

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

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

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



Blacksburg, Virginia
November 30, 2020

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
COVID-19 Provider Relief Fund	93.498	Not applicable	\$ 7,859
Pass Through Payments:			
Department of Social Services:			
Child Care and Development Fund Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119, 0760120	29,510
Promoting Safe and Stable Families Program	93.556	0950118, 0950119	14,009
Temporary Assistance for Needy Families	93.558	0400119, 0400120	156,510
Refugee and Entrant Assistance - State/Replacement Designee Administered Program:	93.566	0500120	270
Low-Income Home Energy Assistance	93.568	0600419, 0600420	30,271
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118, 0900119	329
Foster Care - Title IV-E	93.658	1100119, 1100120	142,846
Adoption Assistance	93.659	1120119, 1120120	47,283
Social Services Block Grant	93.667	1000119, 1000120	129,689
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118, 9150119	1,692
Children's Health Insurance Program	93.767	0540119, 0540120	4,204
Medicaid Cluster:			
Medical Assistance Program	93.778	1200119, 1200120	257,494
Total Department of Health and Human Services			<u>\$ 821,966</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE86804	\$ 18,414
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	APE40253	\$ 292,803
COVID-19 School Breakfast Program	10.553	APE40253	19,282 \$ 312,085
COVID-19 National School Lunch Program	10.555	APE40254	\$ 34,645
National School Lunch Program	10.555	APE40254	525,953
Department of Agriculture:			
Food Distribution (Note 3)	10.555	Not available	105,468 666,066
COVID-19 Summer Food Service Program for Children	10.559	Not available	129,026
Total Child Nutrition Cluster			1,107,177
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119, 0010120 0040119, 0040120	246,000
Total Department of Agriculture			<u>\$ 1,371,591</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	775001	\$ 28,460
Emergency Management Performance Grant	97.042	EMP-2019-EP-00007	7,500
Total Department of Homeland Security			<u>\$ 35,960</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	17VAGX0018	\$ 51,808
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available	43,349
Violence Against Women Formula Grants	16.588	19WFAX0032	50,000
Total Department of Justice			<u>\$ 145,157</u>
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 144,936
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FOP-2020-50157-20157	\$ 17,651
Alcohol Open Container Requirements	20.607	154AL-2019-59012-9012	8,515
Total Department of Transportation			<u>\$ 26,166</u>

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2020

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	APE43071	\$ 520,191
Special Education - Preschool Grants	84.173	APE62521	13,097
Total Special Education Cluster			\$ 533,288
Title I: Grants to Local Educational Agencies	84.010	APE42901	761,855
Career and Technical Education-Basic Grants to States	84.048	APE61095	4,937
Rural Education	84.358	APE43481	323
Supporting Effective Instruction State Grant	84.367	APE61480	84,304
Student Support and Academic Enrichment	84.424	APE60019	6,647
Total Department of Education			<u>\$ 1,391,354</u>
Appalachian Regional Commission (ARC):			
Pass Through Payments:			
Department of Housing and Community Development:			
Highway Safety Cluster:			
Appalachian Development Highway System	23.003	Not available	\$ 15,000
Total Expenditures of Federal Awards			<u>\$ 3,952,130</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal 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, 2020. 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, 2020, the School Board had \$64,664 in food commodities inventory.

Note 4 -- Subrecipients

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

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	\$ 1,538,793
Less: Payment in lieu of taxes	(22,781)
Less: Interest subsidy	(80,827)
Total primary government	<u>\$ 1,435,185</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 2,516,945</u>
Total component unit school board	<u>\$ 2,516,945</u>
Total federal expenditures per basic financial statements	<u>\$ 3,952,130</u>

County of Patrick, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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?	No

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I, Grants to Local Educational Agencies

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

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings

There were no prior year findings.