

COUNTY OF PATRICK, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

COUNTY OF PATRICK, VIRGINIA

BOARD OF SUPERVISORS

Clyde DeLoach, Chair
C. Clayton Kendrick Jr., Vice-chair
Doug Perry
Denise Stirewalt
Brandon J. Simmons

COUNTY SCHOOL BOARD

Ryan S. Lawson, Chair
Amy Walker, Vice-chair
Shannon Harrell
Walter L. Scott
Robert "Rob" Martin

SOCIAL SERVICES BOARD

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

OTHER OFFICIALS

Clerk of the Circuit Court Sherri M. Hazlewood
Commonwealth's Attorney..... Dayna K. Bobbitt
Commissioner of the RevenueCindy Kendrick
Treasurer Sandra K. Stone
Sheriff..... Dan Smith
Superintendent of Schools..... Jason A. Wood
Director of Social Services..... Joan V. Rogers
County Administrator..... Geri S. Hazelwood
County Attorney..... Jim Guynn

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2022, 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.

We did not audit the financial statements of Patrick County School Board's School Activity Funds which represent 8.6 percent, 35.0 percent, and 1.9 percent, respectively, of the assets, fund balances, and revenues of the discretely presented component unit-School Board as of June 30, 2022, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Patrick County School Board's School Activity Funds, are based solely on the report of the other auditors.

Change in Accounting Principles

As described in Note 24 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2022, the County of Patrick, Virginia restated beginning balances to correct an error related to school board capital leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of County of Patrick, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Patrick, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Patrick, Virginia's internal control over financial reporting and compliance.

Robinson, Famer, Cox Associates

Blacksburg, Virginia
December 7, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements that follow.

Financial Highlights

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,152,221 (net position). Of this amount, \$9,336,567 was considered unrestricted.
- The assets and deferred outflows of resources of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,951,042 (net position). Of this amount, \$146,105 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 \$9,112,522 (net position).
- The assets of the EDA component unit exceeded its liabilities at the close of the fiscal year by \$3,115,018 (net position). Of this amount, \$1,598,820 was considered unrestricted.
- As of the close of the current fiscal year, the County reported combined ending fund balances of \$15,473,843. This is \$4,274,370 more than the prior fiscal year total fund balances. Of the current fiscal year fund balances, \$12,945,484 is considered unassigned, \$9,655 is considered non-spendable prepaid items, \$1,370,714 is considered restricted, and \$1,147,990 is considered assigned to specific funds.

When compared to the prior fiscal year, unassigned balances increased by \$3,049,290, non-spendable prepaid items decreased by \$25,975, restricted balances increased \$968,929, and assigned fund balances increased by \$282,126. The increase in unassigned fund balances was due to increases in collections of sales and use, food & beverage, real estate and personal property taxes, and ambulance services.

The increase in the restricted fund balance is mainly attributable to the collection of the additional 1% sales tax to benefit school construction that began on January 1, 2022 (passed in a November 2020 referendum) and to an increase in Transient occupancy tax collections.

As of June 30, 2022, there is a liability for unearned revenue of \$2,868,522 from Covid-19 related grants. This amount is considered a liability since it will need to be returned to the Department of the Treasury if not spent on items allowed under the State and Local Fiscal Recovery Fund program.

- During the year, the County's governmental fund revenues exceeded expenditures by \$4,122,369. This is the second year in a row Patrick County has seen excess revenue over \$4 million, growing reserves thereby helping to mitigate current and future risks, such as revenue shortfalls and unanticipated expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (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 12).

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

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)

Overview of the Financial Statements (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the of the County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows by \$21,103,263 at the close of the fiscal year 2022. The Component Units (School & EDA) closed the year with a deficit balance of \$5,997,504.

The largest portion of the County's net position, \$9,878,106, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and construction in progress), less any outstanding debt related to the acquisition of those assets. These capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of \$9,482,672, or 44.9% of the Primary Government's total net position may be used to meet the County's ongoing obligations to citizens and creditors.

The following table summarizes the Statement of Net Position as presented in the government-wide financial statement (Exhibit 1) for 2022 and 2021:

	Primary Government		Component Units (School & EDA)	
	2022	2021	2022	2021
Current assets	\$ 26,427,237	\$ 19,994,824	\$ 7,334,595	\$ 4,828,439
Capital assets	40,747,592	42,053,522	15,279,018	13,055,924
Total assets	<u>\$ 67,174,829</u>	<u>\$ 62,048,346</u>	<u>\$ 22,613,613</u>	<u>\$ 17,884,363</u>
Deferred outflows of resources	<u>\$ 4,194,454</u>	<u>\$ 4,721,489</u>	<u>\$ 5,388,058</u>	<u>\$ 6,622,352</u>
Current liabilities	\$ 4,402,470	\$ 3,072,534	\$ 3,908,853	\$ 3,032,332
Long-term liabilities	35,760,529	41,932,513	17,705,353	29,223,344
Total liabilities	<u>\$ 40,162,999</u>	<u>\$ 45,005,047</u>	<u>\$ 21,614,206</u>	<u>\$ 32,255,676</u>
Deferred inflows of resources	<u>\$ 10,103,021</u>	<u>\$ 5,496,691</u>	<u>\$ 12,384,969</u>	<u>\$ 4,447,231</u>
Net position				
Net investment in capital assets	\$ 9,878,106	\$ 9,784,882	\$ 15,205,226	\$ 11,967,397
Restricted	1,742,485	401,785	1,318,298	764,472
Unrestricted (deficit)	9,482,672	6,081,430	(22,521,028)	(24,928,061)
Total net position (deficit)	<u>\$ 21,103,263</u>	<u>\$ 16,268,097</u>	<u>\$ (5,997,504)</u>	<u>\$ (12,196,192)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

For the second year in a row, the County experienced an increase in total net position, in the amount of \$4,835,166. Contributing to this increase was the debt restructuring in 2019 and another year in implementing a balanced budget. The Component Units experienced an increase in net position of \$6,198,688, due to the Virginia Retirement System receiving a better-than-expected return on investments in the teacher's retirement fund.

The following table summarizes the Statement of Activities as presented in the government-wide financial statement (Exhibit 2) for 2022 and 2021:

Statement of Activities:	Primary Government		Component Units (School & EDA)	
	2022	2021	2022	2021
Program revenues				
Charges for services	\$ 1,059,998	\$ 785,290	\$ 93,308	\$ 50,604
Operating grants and contributions	7,262,484	8,837,980	28,796,456	23,836,707
Capital grants and contributions	5,272	-	236,833	236,162
General revenues				
Property taxes	15,302,307	14,603,190	-	-
Other taxes	5,323,716	3,577,053	-	-
Revenue from use of money and property	34,146	26,172	-	-
Miscellaneous	542,804	317,355	-	-
Grants and contributions not restricted to specific programs	1,176,435	1,201,825	-	-
Total revenues	\$ 30,707,162	\$ 29,348,865	\$ 29,126,597	\$ 24,123,473
Expenses				
General government	\$ 1,340,090	\$ 1,327,133	\$ -	\$ -
Judicial administration	1,247,221	1,336,335	-	-
Public safety	7,475,067	8,416,494	-	-
PSA	228,149	210,758	-	-
Public works	1,792,663	2,102,031	-	-
Health and welfare	3,772,066	3,333,505	-	-
Education	7,138,439	5,387,904	31,426,092	29,377,334
Parks, recreation and cultural	606,344	625,388	-	-
Community development	1,014,611	1,391,317	145,756	598,046
Non-departmental	-	264,006	-	-
Interest on long-term debt	1,257,346	1,180,969	-	-
Total expenses	\$ 25,871,996	\$ 25,575,840	\$ 31,571,848	\$ 29,975,380
Change in net position	\$ 4,835,166	\$ 3,773,025	\$ (2,445,251)	\$ (5,851,907)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the County's Funds

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,473,843. Of this total, a negligible \$9,655, constitutes non-spendable amounts for prepaid items, 8.80% of the total amount, \$1,370,714, constitutes restricted fund balance, and 7.43% of the total amount, \$1,147,990, constitutes assigned fund balance. Both restricted and assigned fund balances are available only for specific purposes as directed by external parties such as grantors, laws or legislation. The remaining balance, \$12,945,484, or 83.66%, 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 \$15,246,791. Of this amount, \$12,945,484 was considered unassigned.

Total governmental fund revenues for fiscal year ended June 30, 2022, increased \$1,390,804 and expenditures increased \$1,380,211 over fiscal year ended June 30, 2021. The most significant increase in revenue from the prior fiscal year to the current is due to the collection of the additional 1% sales tax to benefit school construction that began on January 1, 2022 (passed in a November 2020 referendum) and an increase in general property and transient occupancy taxes. The real estate tax rate increased from \$0.68 to \$0.73 per \$100 of assessed value effective January 1, 2022.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the County's Funds (Continued)

The following table summarizes the County's governmental funds revenues for 2022 and 2021.

Revenues:	Governmental Funds	
	2022	2021
General Fund:		
From local sources:		
General property taxes	\$ 15,282,528	\$ 14,651,305
Other local taxes	5,323,716	3,577,053
Permits, fees & licenses	112,163	88,880
Court fines & forfeitures	28,594	37,064
Use of money & property	34,146	25,930
Charges for services	795,317	538,435
Miscellaneous	171,033	317,355
Recovered costs	1,459,903	1,022,770
Total revenue from local sources	<u>23,207,400</u>	<u>20,258,792</u>
From the Commonwealth:		
Noncategorical aid	1,074,705	1,101,024
Shared expenses	3,213,709	3,041,735
State welfare funds	815,366	635,471
Children's services	522,716	380,435
Grants	263,059	356,966
Total from the Commonwealth	<u>5,889,555</u>	<u>5,515,631</u>
From the Federal Government:		
Noncategorical aid	101,730	100,801
Federal welfare funds	1,470,099	1,244,241
Grants	977,535	3,136,050
Total from the Federal Gov't	<u>2,549,364</u>	<u>4,481,092</u>
Total governmental fund revenues	<u>\$ 31,646,319</u>	<u>\$ 30,255,515</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the County's Funds (Continued)

The following table summarizes the County's governmental funds expenditures for 2022 and 2021.

Expenditures:	Governmental Funds	
	2022	2021
General Fund:		
Board of supervisors	\$ 45,811	\$ 60,941
General & financial administration	1,421,942	1,422,326
Board of elections	193,692	189,370
Courts	704,780	781,002
Commonwealth Attorney	542,920	488,754
Law enforcement & traffic control	3,720,629	3,763,652
Fire & rescue services	1,848,807	1,988,876
Correction & detention	2,154,722	1,932,036
Building inspections	150,968	146,931
Other public safety	452,547	719,529
Sanitation & waste removal	765,863	756,133
Maintenance of buildings and grounds	884,694	1,194,977
Health & welfare	3,767,388	3,214,619
Education	6,300,931	4,550,396
Parks, recreation & cultural	557,735	535,378
Community development	1,116,995	1,348,752
Accrued leave balances	21,000	264,006
Capital projects	35,438	79,948
Debt service	2,834,260	2,702,187
Asset Forfeiture Fund	2,828	3,926
Total Expenditures	\$ 27,523,950	\$ 26,143,739

General Fund Budgetary Highlights

At the end of fiscal year 2022, General Fund additional budget appropriations resulted in an increase of \$2,380,787 between originally adopted budget appropriations for expenditures and transfers out and the final budget. The increase resulted primarily from re-appropriations of FY2021 budget commitments (related mostly to public safety), an additional contribution to the county schools, expenditures related to other funds (causing an increase in transfers into the General Fund), and an overall increase in the cost of items due to inflation.

General Fund revenues exceeded final budget projections in FY2022 by \$4 million, the majority of which was attributable to an additional \$1.2 million in general property taxes and \$1.6 million in other taxes (including local sales and transient occupancy taxes.) Tax revenue projections were budgeted conservatively due to the continuation of the COVID-19 pandemic, but ultimately performed much better than expected.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental funds as of June 30, 2022 amounts to \$36,942,655 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for business-type activities amounts to \$3,804,937 (net of accumulated depreciation). Capital asset activity for the school board component as of June 30, 2022, amounts to \$13,762,820 (net of accumulated depreciation).

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

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

Governmental Activities:	
General Obligation Bonds	\$ 20,092,937
Lease Revenue Bonds	10,503,000
Bond Premiums	1,383,404
Accrued Interest Payable	495,008
Literary Loans	525,000
Capital Leases	95,314
Compensated Absences	655,842
Net Pension Liability	1,676,804
Net OPEB Liabilities	828,228
Total	<u>\$ 36,255,537</u>

Additional information on the County of Patrick's long-term debt can be found in Note 6 of this report. Included in this note is information about new lease liabilities for public safety vehicles.

Long-Term Obligations - Component Unit-School Board

Capital leases	\$ 73,792
Compensated absences	448,138
Net pension liability	11,226,215
Net OPEB liabilities	5,957,208
Total	<u>\$ 17,705,353</u>

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

Economic Factors

The June 2021 unemployment rate for the County of Patrick, Virginia was 3.5%, which is a decrease from the rate of 5.3% in June 2021.

The latest estimate by the University of Virginia Weldon Cooper Center for Public Service is a population of 17,554 dated July 1, 2021, reflects a decrease of 0.3 of % from the 2020 U.S. Census.

Finally, according to a Bureau of Labor Statistics report, over the 12 months ended June 2022, the Consumer Price Index increased 9.1 percent, the largest increase since the 12-month period ending November 1981.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, 2022

	Primary Government			Component Unit School Board	Component Unit EDA
	Governmental Activities	Business-type Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 6,232,992	\$ 171,213	\$ 6,404,205	\$ 2,163,088	\$ 581,898
Cash in custody of others	25,461	-	25,461	440,709	-
Investments	10,428,638	-	10,428,638	252,318	40,122
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,373,001	-	5,373,001	-	-
Other local taxes	283,072	-	283,072	-	-
Accounts receivable	991,860	15,185	1,007,045	135,524	-
Internal balances	7,127	(7,127)	-	-	-
Due from component units	1,545,968	-	1,545,968	-	-
Due from other governmental units	1,350,192	-	1,350,192	1,765,094	-
Inventories	-	-	-	64,815	-
Prepaid items	9,655	-	9,655	353,932	-
Inventory: Industrial sites held for resale	-	-	-	-	976,800
Net pension asset	-	-	-	560,295	-
Capital assets (net of accumulated depreciation):					
Land	1,197,264	-	1,197,264	769,576	104,605
Buildings and improvements	34,479,228	-	34,479,228	6,890,309	1,411,593
Machinery and equipment	1,144,562	-	1,144,562	5,906,505	-
Infrastructure	-	3,804,937	3,804,937	-	-
Construction in progress	-	-	-	123,938	-
Intangible right-to-use assets:					
Machinery, equipment, and vehicles	121,601	-	121,601	72,492	-
Total assets	\$ 63,190,621	\$ 3,984,208	\$ 67,174,829	\$ 19,498,595	\$ 3,115,018
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 1,730,169	\$ -	\$ 1,730,169	\$ -	\$ -
Pension related items	2,209,343	-	2,209,343	4,378,461	-
OPEB related items	254,942	-	254,942	1,009,597	-
Total deferred outflows of resources	\$ 4,194,454	\$ -	\$ 4,194,454	\$ 5,388,058	\$ -
LIABILITIES					
Accounts payable	\$ 533,113	\$ 11,166	\$ 544,279	\$ 540,521	\$ -
Accrued wages	87,484	-	87,484	1,822,364	-
Estimate of incurred but not reported health claims	385,177	-	385,177	-	-
Accrued interest payable	495,008	-	495,008	-	-
Due to primary government	-	-	-	1,545,968	-
Customer deposits	-	22,000	22,000	-	-
Unearned revenue	2,868,522	-	2,868,522	-	-
Long-term liabilities:					
Due within one year	2,085,937	-	2,085,937	356,284	-
Due in more than one year	33,674,592	-	33,674,592	17,349,069	-
Total liabilities	\$ 40,129,833	\$ 33,166	\$ 40,162,999	\$ 21,614,206	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 6,138,153	\$ -	\$ 6,138,153	\$ -	\$ -
Pension related items	3,717,037	-	3,717,037	10,593,313	-
OPEB related items	247,831	-	247,831	1,791,656	-
Total deferred inflows of resources	\$ 10,103,021	\$ -	\$ 10,103,021	\$ 12,384,969	\$ -
NET POSITION					
Net investment in capital assets	\$ 6,073,169	\$ 3,804,937	\$ 9,878,106	\$ 13,689,028	\$ 1,516,198
Restricted					
School construction	782,681	-	782,681	-	-
Asset forfeiture	227,052	-	227,052	-	-
Transient occupancy	347,603	-	347,603	-	-
Future pension costs	-	-	-	560,295	-
School cafeteria	-	-	-	758,003	-
Opioid abatement	385,149	-	385,149	-	-
Unrestricted (deficit)	9,336,567	146,105	9,482,672	(24,119,848)	1,598,820
Total net position	\$ 17,152,221	\$ 3,951,042	\$ 21,103,263	\$ (9,112,522)	\$ 3,115,018

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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating		Primary Government		Component Units					
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	School Board	EDA				
PRIMARY GOVERNMENT:												
Governmental activities:												
General government administration	\$ 1,340,090	\$ 16,722	\$ 285,550	\$ -	\$ (1,037,818)	\$ -	\$ (1,037,818)	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	1,247,221	53,821	641,184	-	(552,216)	-	(552,216)	-	-	-	-	-
Public safety	7,475,067	541,845	3,419,198	-	(3,514,024)	-	(3,514,024)	-	-	-	-	-
Public works	1,792,663	314,989	10,885	-	(1,466,789)	-	(1,466,789)	-	-	-	-	-
Health and welfare	3,772,066	-	2,808,181	-	(963,885)	-	(963,885)	-	-	-	-	-
Education	7,138,439	-	-	-	(7,138,439)	-	(7,138,439)	-	-	-	-	-
Parks, recreation, and cultural	606,344	24,539	4,500	-	(577,305)	-	(577,305)	-	-	-	-	-
Community development	1,014,611	-	92,986	-	(921,625)	-	(921,625)	-	-	-	-	-
Interest on long-term debt	1,257,346	-	-	-	(1,257,346)	-	(1,257,346)	-	-	-	-	-
Total governmental activities	\$ 25,643,847	\$ 951,916	\$ 7,262,484	\$ -	\$ (17,429,447)	\$ -	\$ (17,429,447)	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities:												
Public Service Authority	\$ 228,149	\$ 121,083	\$ -	\$ 3,263	\$ -	\$ (103,803)	\$ (103,803)	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ 228,149	\$ 121,083	\$ -	\$ 3,263	\$ -	\$ (103,803)	\$ (103,803)	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 25,871,996	\$ 1,072,999	\$ 7,262,484	\$ 3,263	\$ (17,429,447)	\$ (103,803)	\$ (17,533,250)	\$ -	\$ -	\$ -	\$ -	\$ -
COMPONENT UNITS:												
School Board	\$ 31,426,092	\$ 93,308	\$ 28,749,229	\$ 236,833	\$ -	\$ -	\$ -	\$ (2,346,722)	\$ -	\$ -	\$ -	\$ -
EDA	145,756	-	47,227	-	-	-	-	-	-	-	-	(98,529)
Total component units	\$ 31,571,848	\$ 93,308	\$ 28,796,456	\$ 236,833	\$ -	\$ -	\$ -	\$ (2,346,722)	\$ -	\$ -	\$ -	\$ (98,529)
General revenues:												
General property taxes												
Other local taxes:												
Local sales and use taxes												
Consumer's utility taxes												
Gross receipts												
Cigarette taxes												
Consumption taxes												
Motor vehicle licenses												
Bank stock taxes												
Taxes on recordation and wills												
Transient occupancy taxes												
Food and beverage taxes												
Unrestricted revenues from use of money												
Miscellaneous												
Contribution from Patrick County, Virginia												
Grants and contributions not restricted to specific programs												
Total general revenues												
Change in net position												
Net position - beginning, as restated												
Net position - ending												

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

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,055,922	\$ 138,252	\$ 6,194,174
Cash in custody of others	25,461	-	25,461
Investments	10,289,496	88,800	10,378,296
Receivables (net of allowance for uncollectibles)			
Taxes receivable	5,373,001	-	5,373,001
Other local taxes	283,072	-	283,072
Accounts receivable	991,860	-	991,860
Due from other funds	7,127	-	7,127
Due from component unit	1,545,968	-	1,545,968
Due from other governmental units	1,350,192	-	1,350,192
Prepaid items	9,655	-	9,655
Total assets	<u>\$ 25,931,754</u>	<u>\$ 227,052</u>	<u>\$ 26,158,806</u>
LIABILITIES			
Accounts payable	\$ 531,302	\$ -	\$ 531,302
Accrued liabilities	87,484	-	87,484
Unearned revenue - COVID-19 grants	2,868,522	-	2,868,522
Total liabilities	<u>\$ 3,487,308</u>	<u>\$ -</u>	<u>\$ 3,487,308</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	\$ 7,197,655	\$ -	\$ 7,197,655
FUND BALANCES			
Nonspendable - prepaid items	\$ 9,655	\$ -	\$ 9,655
Restricted:			
Opioid abatement	13,378	-	13,378
School construction	782,681	-	782,681
Asset Forfeiture	-	227,052	227,052
Transient Occupancy	347,603	-	347,603
Assigned:			
Law Library	23,046	-	23,046
Courthouse Maintenance	15,839	-	15,839
Courthouse Security	38,049	-	38,049
Fire Programs	129,282	-	129,282
Four for Life	81,503	-	81,503
Spay and Neuter	721	-	721
Fire and Rescue Equipment	215,423	-	215,423
Capital Depreciation	186,543	-	186,543
Skate Park	19,490	-	19,490
Broadband	178,035	-	178,035
Bob White Covered Bridge	30,348	-	30,348
Sheriff/Jail	229,711	-	229,711
Unassigned	12,945,484	-	12,945,484
Total fund balances	<u>\$ 15,246,791</u>	<u>\$ 227,052</u>	<u>\$ 15,473,843</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,931,754</u>	<u>\$ 227,052</u>	<u>\$ 26,158,806</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 15,473,843
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	34,479,228	
Machinery and equipment	<u>1,266,163</u>	36,942,655
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue		1,059,502
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.		
		(297,828)
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	\$ 1,730,169	
Pension related items	2,209,343	
OPEB related items	<u>254,942</u>	4,194,454
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	\$ (1,383,404)	
Accrued interest payable	(495,008)	
Compensated absences	(655,842)	
Net pension liability	(1,676,804)	
Net OPEB liabilities	(828,228)	
Lease liabilities	(95,314)	
Literary loans	(525,000)	
Lease revenue bonds	(10,503,000)	
General obligation bonds	<u>(20,092,937)</u>	(36,255,537)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (3,717,037)	
OPEB related items	<u>(247,831)</u>	(3,964,868)
Net position of governmental activities		<u><u>\$ 17,152,221</u></u>

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

County of Patrick, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 15,282,528	\$ -	\$ 15,282,528
Other local taxes	5,323,716	-	5,323,716
Permits, privilege fees, and regulatory licenses	112,163	-	112,163
Fines and forfeitures	28,594	-	28,594
Revenue from the use of money and property	33,799	347	34,146
Charges for services	795,317	-	795,317
Miscellaneous	171,033	-	171,033
Recovered costs	1,459,903	-	1,459,903
Intergovernmental:			
Commonwealth	5,877,286	12,269	5,889,555
Federal	2,549,364	-	2,549,364
Total revenues	<u>\$ 31,633,703</u>	<u>\$ 12,616</u>	<u>\$ 31,646,319</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,661,445	\$ -	\$ 1,661,445
Judicial administration	1,247,700	-	1,247,700
Public safety	8,327,673	2,828	8,330,501
Public works	1,650,557	-	1,650,557
Health and welfare	3,767,388	-	3,767,388
Education	6,300,931	-	6,300,931
Parks, recreation, and cultural	557,735	-	557,735
Community development	1,116,995	-	1,116,995
Nondepartmental	21,000	-	21,000
Capital projects	35,438	-	35,438
Debt service:			
Principal retirement	1,486,987	-	1,486,987
Interest and other fiscal charges	1,347,273	-	1,347,273
Total expenditures	<u>\$ 27,521,122</u>	<u>\$ 2,828</u>	<u>\$ 27,523,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,112,581</u>	<u>\$ 9,788</u>	<u>\$ 4,122,369</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 1,027	\$ -	\$ 1,027
Transfers out	-	(1,027)	(1,027)
Issuance of leases	152,001	-	152,001
Total other financing sources (uses)	<u>\$ 153,028</u>	<u>\$ (1,027)</u>	<u>\$ 152,001</u>
Net change in fund balances	\$ 4,265,609	\$ 8,761	\$ 4,274,370
Fund balances - beginning	10,981,182	218,291	11,199,473
Fund balances - ending	<u>\$ 15,246,791</u>	<u>\$ 227,052</u>	<u>\$ 15,473,843</u>

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

County of Patrick, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds	\$	4,274,370
<p>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.</p>		
Capital outlays	\$	566,356
Depreciation expense	(1,745,948)	(1,179,592)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Increase (decrease) in unavailable revenue - tax revenue	\$	19,779
Increase (decrease) in unavailable revenue - opioid settlement	371,771	
Increase (decrease) in unavailable revenue - EMS billings	4,850	396,400
<p>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.</p>		
<p>Issuance of debt:</p>		
Lease liabilities	\$	(152,001)
<p>Principal repayments:</p>		
General obligation bonds and lease revenue bonds	1,239,836	
Literary loans	120,000	
Lease liabilities	127,151	1,334,986
<p>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.</p>		
Change in compensated absences	\$	102,667
Amortization of bond premium	165,942	
Amortization of deferred amount on refunding	(101,774)	
Change in accrued interest payable	25,759	
Change in net pension liability and related deferred items	280,226	
Change in net OPEB liabilities and related deferred items	(7,296)	465,524
<p>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.</p>		
		(352,719)
Change in net position of governmental activities	\$	<u>4,938,969</u>

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

County of Patrick, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

	Public Service Authority			Internal Service Fund
	Water Fund	Sewer Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 135,653	\$ 35,560	\$ 171,213	\$ 38,818
Investments	-	-	-	50,342
Accounts receivables, net of allowances for uncollectibles	11,622	3,563	15,185	-
Due from other funds	-	82	82	-
Total current assets	<u>\$ 147,275</u>	<u>\$ 39,205</u>	<u>\$ 186,480</u>	<u>\$ 89,160</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Infrastructure	\$ 1,471,315	\$ 2,333,622	\$ 3,804,937	\$ -
Total noncurrent assets	<u>\$ 1,471,315</u>	<u>\$ 2,333,622</u>	<u>\$ 3,804,937</u>	<u>\$ -</u>
Total assets	<u>\$ 1,618,590</u>	<u>\$ 2,372,827</u>	<u>\$ 3,991,417</u>	<u>\$ 89,160</u>
LIABILITIES				
Current liabilities:				
Estimate of incurred but not reported health claims	\$ -	\$ -	\$ -	\$ 385,177
Accounts payable	6,910	4,256	11,166	1,811
Customers' deposits	17,940	4,060	22,000	-
Due to other funds	7,209	-	7,209	-
Total liabilities	<u>\$ 32,059</u>	<u>\$ 8,316</u>	<u>\$ 40,375</u>	<u>\$ 386,988</u>
NET POSITION				
Investment in capital assets	\$ 1,471,315	\$ 2,333,622	\$ 3,804,937	\$ -
Unrestricted (deficit)	115,216	30,889	146,105	(297,828)
Total net position (deficit)	<u>\$ 1,586,531</u>	<u>\$ 2,364,511</u>	<u>\$ 3,951,042</u>	<u>\$ (297,828)</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, 2022

	Public Service Authority			Internal Service Fund
	Water Fund	Sewer Fund	Total	
OPERATING REVENUES				
Charges for services:				
Water revenues	96,751	-	96,751	-
Sewer revenues	-	24,332	24,332	-
Insurance premiums	-	-	-	290,486
Total operating revenues	<u>\$ 96,751</u>	<u>\$ 24,332</u>	<u>\$ 121,083</u>	<u>\$ 290,486</u>
OPERATING EXPENSES				
Administration	\$ 21,264	\$ 5,375	\$ 26,639	-
Purchase of water	45,622	-	45,622	-
Purchase of sewer	-	13,371	13,371	-
Pump station maintenance	16,179	-	16,179	-
Depreciation	49,851	76,487	126,338	-
Insurance claims and expenses	-	-	-	643,205
Total operating expenses	<u>\$ 132,916</u>	<u>\$ 95,233</u>	<u>\$ 228,149</u>	<u>\$ 643,205</u>
Operating income (loss)	<u>\$ (36,165)</u>	<u>\$ (70,901)</u>	<u>\$ (107,066)</u>	<u>\$ (352,719)</u>
NONOPERATING REVENUES (EXPENSES)				
Tap fees	\$ 3,137	\$ 126	\$ 3,263	-
Total nonoperating revenues (expenses)	<u>\$ 3,137</u>	<u>\$ 126</u>	<u>\$ 3,263</u>	<u>\$ -</u>
Change in net position	<u>\$ (33,028)</u>	<u>\$ (70,775)</u>	<u>\$ (103,803)</u>	<u>\$ (352,719)</u>
Net position - beginning	1,619,559	2,435,286	4,054,845	54,891
Net position (deficit) - ending	<u>\$ 1,586,531</u>	<u>\$ 2,364,511</u>	<u>\$ 3,951,042</u>	<u>\$ (297,828)</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, 2022

	Public Service Authority			Internal Service Fund
	Water Fund	Sewer Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for insurance premiums	\$ -	\$ -	\$ -	\$ 290,486
Receipts from customers and users	101,832	24,791	126,623	-
Payments to suppliers	(80,132)	(18,721)	(98,853)	-
Payments for premiums	-	-	-	(607,174)
Net cash provided by (used for) operating activities	<u>\$ 21,700</u>	<u>\$ 6,070</u>	<u>\$ 27,770</u>	<u>\$ (316,688)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	\$ 7,209	\$ (82)	\$ 7,127	\$ -
Tap fees	3,137	126	3,263	-
Net cash provided by (used for) noncapital financing activities	<u>\$ 10,346</u>	<u>\$ 44</u>	<u>\$ 10,390</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 32,046	\$ 6,114	\$ 38,160	\$ (316,688)
Cash and cash equivalents - beginning	103,607	29,446	133,053	405,848
Cash and cash equivalents - ending	<u>\$ 135,653</u>	<u>\$ 35,560</u>	<u>\$ 171,213</u>	<u>\$ 89,160</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (36,165)	\$ (70,901)	\$ (107,066)	\$ (352,719)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 49,851	\$ 76,487	\$ 126,338	\$ -
(Increase) decrease in accounts receivable	5,406	(941)	4,465	-
Increase (decrease) in customer deposits	(325)	1,400	1,075	-
Increase (decrease) in accounts payable	2,933	25	2,958	36,031
Total adjustments	<u>\$ 57,865</u>	<u>\$ 76,971</u>	<u>\$ 134,836</u>	<u>\$ 36,031</u>
Net cash provided by (used for) operating activities	<u>\$ 21,700</u>	<u>\$ 6,070</u>	<u>\$ 27,770</u>	<u>\$ (316,688)</u>

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

County of Patrick, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 19,185
Total assets	\$ 19,185
LIABILITIES	
Accounts payable	\$ 7,591
Total liabilities	\$ 7,591
NET POSITION	
Restricted:	
Special Welfare	\$ 291
Dehart Cemetery	6,000
Inmate Balances	5,303
Total net position	\$ 11,594

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

County of Patrick, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Expenditure reimbursements	\$ 19,838
Miscellaneous	8
Inmate reimbursements	156,756
Total contributions	\$ 176,602
 DEDUCTIONS	
Special welfare payments	\$ 22,156
Transfers to other funds	8
Inmate payments	161,990
Total deductions	\$ 184,154
Net increase (decrease) in fiduciary net position	\$ (7,552)
Net position - beginning	19,146
Net position - ending	\$ 11,594

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022

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, 2022, 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, 2022, the County contributed \$71,179 to the Community Services Board.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

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

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

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

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following nonmajor governmental funds:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

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

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

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

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

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

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

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

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

1. Cash and cash equivalents

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

2. Investments

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

3. Receivables and payables

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

4. Property taxes

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

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$340,863 at June 30, 2022 and is comprised of property taxes (\$65,153), EMS charges (\$259,071) water charges (\$16,522) and sewer charges (\$117).

6. Use of estimates

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

7. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

9. Long-term obligations

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

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

10. Prepaid items

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

11. Fund balance

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

11. Fund balance (continued)

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

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

12. Deferred outflows/inflows of resources

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

13. Pensions

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

14. Other Postemployment Benefits (OPEB)

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

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

15. Net Position

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

15. Net Position (continued)

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

16. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Key Estimates and Judgments

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (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, 2022, there were no funds/departments that over expended appropriations.

C. Deficit fund balance

At June 30, 2022, only the Self-insured Health Insurance Fund had a deficit fund balance.

County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2022 (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 + 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, 2022 were rated by Standard + Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard + Poor’s rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool (LGIP)	\$ 10,680,956

Concentration of Credit Risk:

At June 30, 2022, 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)	\$ 10,680,956	\$ 10,680,956

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (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:

	<u>Primary Government</u>		<u>Component Unit School Board</u>
<u>Local Governments:</u>			
Franklin County, Virginia	\$	-	\$ 10,062
<u>Commonwealth of Virginia:</u>			
State sales tax		-	548,448
Local sales tax		537,761	-
Noncategorical aid		70,812	-
Categorical aid - shared expenses		262,077	-
Categorical aid - VPA funds		65,409	-
Categorical aid - CSA funds		141,851	-
Categorical aid - other		91,823	253,467
<u>Federal Government:</u>			
Categorical aid - VPA funds		112,825	-
Categorical aid - other		67,634	953,117
Totals	\$	<u>1,350,192</u>	\$ <u>1,765,094</u>

Note 5-Interfund/Component-unit Obligations:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,027	\$ -
Asset Forfeiture Fund	-	1,027
Total	<u>\$ 1,027</u>	<u>\$ 1,027</u>

County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2022 (continued)**

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

Interfund transfers for the year ended June 30, 2022, consisted of the following: (continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
School Operating Fund	\$ -	\$ 318,685
School Activity Fund	318,685	-
Total	<u>\$ 318,685</u>	<u>\$ 318,685</u>

Interfund/component unit obligations at June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Component Unit</u>	<u>Component Unit</u>
Primary Government:		
General Fund	\$ 1,545,968	\$ -
Component Unit - School Board:		
School Operating Fund	\$ -	\$ 1,545,968

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, 2022.

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct borrowings and direct placements:				
General obligation bonds	\$ 21,057,773	\$ -	\$ (964,836)	\$ 20,092,937
Lease revenue bonds	10,778,000	-	(275,000)	10,503,000
Bond premiums	1,549,346	-	(165,942)	1,383,404
Literary loans	645,000	-	(120,000)	525,000
Lease Liabilities	-	152,001	(56,687)	95,314
Financed Purchase	70,464	-	(70,464)	-
Compensated absences	758,509	466,215	(568,882)	655,842
Net pension liability	6,041,253	3,947,765	(8,312,214)	1,676,804
Net OPEB liabilities	1,032,168	188,716	(392,656)	828,228
Total	<u>\$ 41,932,513</u>	<u>\$ 4,754,697</u>	<u>\$ (10,926,681)</u>	<u>\$ 35,760,529</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 1,420,770	\$ 1,285,234	\$ 16,388	\$ 12,275
2024	1,484,877	1,220,060	18,821	9,843
2025	1,483,294	1,154,769	21,615	7,049
2026	1,551,996	1,083,325	24,824	3,840
2027	1,619,000	1,010,797	13,666	777
2028-2032	9,163,000	3,984,006	-	-
2033-2037	10,348,000	1,973,172	-	-
2038-2040	4,050,000	216,210	-	-
Totals	\$ 31,120,937	\$ 11,927,573	\$ 95,314	\$ 33,784

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (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	2023	\$ 469,054	\$ 29,188	\$ 29,188
General obligation bond	4.10-5.60%	10/15/2004	2025	1,630,018	299,223	97,244
General obligation bond	4.60-5.10%	11/10/2005	2026	1,787,287	434,526	104,338
General obligation bond	4.05-5.05%	5/14/2015	2039	22,480,000	19,330,000	780,000
Total general obligation bonds					<u>\$ 20,092,937</u>	<u>\$ 1,010,770</u>
<i>Lease Revenue Bonds</i>						
Lease revenue bond	4.60-5.10%	11/9/2009	2040	\$ 6,295,000	\$ 4,095,000	\$ -
Lease revenue bond	3.14%	6/20/2019	2040	6,084,000	5,948,000	109,000
Lease revenue bond	3.50%	6/20/2019	2024	787,000	460,000	226,000
Total lease revenue bonds					<u>\$ 10,503,000</u>	<u>\$ 335,000</u>
<i>Premiums:</i>						
Premium		10/15/2004	2025	\$ 117,079	\$ 17,561	\$ 5,854
Premium		11/10/2005	2026	97,867	35,227	3,915
Premium		5/14/2015	2038	2,512,317	1,330,616	147,128
Total premiums					<u>\$ 1,383,404</u>	<u>\$ 156,897</u>
<i>Literary Loans</i>						
State literary fund loan	2.00%	7/15/2008	2029	\$ 1,425,000	\$ 525,000	\$ 75,000
Total direct borrowings and direct placements					<u>\$ 32,504,341</u>	<u>\$ 1,577,667</u>
Lease Liabilities:						
Enterprise vehicle lease	13.61%	9/1/2021	2027	\$ 23,980	\$ 13,851	\$ 2,650
Enterprise vehicle lease	13.61%	4/1/2022	2027	23,980	15,239	2,449
Enterprise vehicle lease	14.43%	5/1/2022	2027	27,008	18,349	2,829
Enterprise vehicle lease	14.40%	5/1/2022	2027	27,309	18,639	2,876
Enterprise vehicle lease	13.69%	9/1/2021	2027	24,862	14,618	2,792
Enterprise vehicle lease	13.69%	9/1/2021	2027	24,862	14,618	2,792
Total lease liabilities					<u>\$ 95,314</u>	<u>\$ 16,388</u>
Other Obligations:						
Compensated absences					\$ 655,842	\$ 491,882
Net pension liability					1,676,804	-
Net OPEB liabilities					828,228	-
Total other obligations					<u>\$ 3,160,874</u>	<u>\$ 491,882</u>
Total long-term obligations					<u>\$ 35,760,529</u>	<u>\$ 2,085,937</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

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.

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

Discretely Presented Component Unit-School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2022.

	Beginning Balance	Restatement/ GASB No. 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Financed purchase	\$ 111,727	\$ (111,727)	\$ -	\$ -	-
Compensated absences	472,001	-	330,138	(354,001)	448,138
Lease liabilities	-	83,925	8,986	(19,119)	73,792
Net pension liability	22,147,866	-	5,511,918	(16,433,569)	11,226,215
Net OPEB liabilities	6,491,750	-	1,005,879	(1,540,421)	5,957,208
Total	\$ 29,223,344	\$ (27,802)	\$ 6,856,921	\$ (18,347,110)	\$ 17,705,353

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2023	\$ 20,180	\$ 952
2024	20,471	661
2025	20,767	365
2026	11,429	91
2027	945	9
Totals	\$ 73,792	\$ 2,078

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Details of Obligations:

	Interest Rates	Implementation/ Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease Liabilities:						
Konica Minolta copier lease	1.33%	7/1/2021	2027	\$ 83,925	\$ 65,706	\$ 18,462
SendPro copier lease	2.56%	3/1/2022	2027	8,986	8,086	1,718
Total lease liabilities					<u>\$ 73,792</u>	<u>\$ 20,180</u>
Other Obligations:						
Compensated absences					\$ 448,138	\$ 336,104
Net pension liability					11,226,215	-
Net OPEB liabilities					5,957,208	-
Total other obligations					<u>\$ 17,631,561</u>	<u>\$ 336,104</u>
Total long-term obligations					<u>\$ 17,705,353</u>	<u>\$ 356,284</u>

Note 8—Pension Plans:

Plan Description

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

Benefit Structures

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Benefit Structures (continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 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	90	97
Inactive members:		
Vested inactive members	22	13
Non-vested inactive members	28	21
Inactive members active elsewhere in VRS	33	20
Total inactive members	83	54
Active members	158	93
Total covered employees	331	244

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, 2022 was 13.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$910,445 and \$864,835 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board’s contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2022 was 6.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Patrick County School Board’s nonprofessional employees were \$118,271 and \$106,674 for the years ended June 30, 2022 and June 30, 2021, respectively.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's Retirement Plan and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-term Expected Rate of Return

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Long-term Expected Rate of Return (continued)

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, 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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (Continued)

Discount Rate (Continued)

Through the fiscal year ended June 30, 2021, 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 determined contribution rate. From July 1, 2021 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, 2020	\$ 29,874,488	\$ 23,833,235	\$ 6,041,253
Changes for the year:			
Service cost	\$ 848,677	\$ -	\$ 848,677
Interest	1,969,520	-	1,969,520
Benefit changes	-	-	-
Changes of assumptions	1,113,587	-	1,113,587
Differences between expected and actual experience	(612,254)	-	(612,254)
Contributions - employer	-	864,503	(864,503)
Contributions - employee	-	312,917	(312,917)
Net investment income	-	6,521,922	(6,521,922)
Benefit payments, including refunds of employee contributions	(1,392,817)	(1,392,817)	-
Administrative expenses	-	(15,981)	15,981
Other changes	-	618	(618)
Net changes	\$ 1,926,713	\$ 6,291,162	\$ (4,364,449)
Balances at June 30, 2021	\$ 31,801,201	\$ 30,124,397	\$ 1,676,804

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Changes in Net Pension Liability (Asset)

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 7,909,078	\$ 7,277,269	\$ 631,809
Changes for the year:			
Service cost	\$ 151,125	\$ -	\$ 151,125
Interest	515,014	-	515,014
Differences between expected and actual experience	33,183	-	33,183
Changes of assumptions	238,860	-	238,860
Contributions - employer	-	106,545	(106,545)
Contributions - employee	-	81,676	(81,676)
Net investment income	-	1,946,952	(1,946,952)
Benefit payments, including refunds of employee contributions	(558,484)	(558,484)	-
Administrative expenses	-	(5,069)	5,069
Other changes	-	182	(182)
Net changes	\$ 379,698	\$ 1,571,802	\$ (1,192,104)
Balances at June 30, 2021	\$ 8,288,776	\$ 8,849,071	\$ (560,295)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	County		
Net Pension Liability (Asset)	\$ 5,897,518	\$ 1,676,804	\$ (1,799,499)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 327,458	\$ (506,295)	\$ (1,307,620)

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$629,887 and (\$74,991), respectively. At June 30, 2022, 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	\$ 217,247	\$ 467,170	\$ 18,435	\$ 16,133
Change in assumptions	1,081,651	-	132,700	-
Net difference between projected and actual earnings on pension plan investments	-	3,249,867	-	960,528
Employer contributions subsequent to the measurement date	910,445	-	118,271	-
Total	<u>\$ 2,209,343</u>	<u>\$ 3,717,037</u>	<u>\$ 269,406</u>	<u>\$ 976,661</u>

\$910,445 and \$118,271 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, 2023. 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)
2023	\$ (268,282)	\$ (119,796)
2024	(555,012)	(188,553)
2025	(636,787)	(223,496)
2026	(958,058)	(293,681)

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,142,251 and \$2,045,566 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$11,226,215 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.14461% as compared to 0.14780% at June 30, 2020.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

For the year ended June 30, 2022, the school division recognized pension expense of \$(445,158). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 956,182
Change in assumptions	1,966,804	-
Net difference between projected and actual earnings on pension plan investments	-	7,074,460
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,586,010
Employer contributions subsequent to the measurement date	<u>2,142,251</u>	<u>-</u>
Total	<u>\$ 4,109,055</u>	<u>\$ 9,616,652</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

\$2,142,251 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, 2023. 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>	
2023	\$ (2,028,413)
2024	(1,796,822)
2025	(1,727,764)
2026	(2,097,915)
2027	1,066

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	\$	<u>7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.46%

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.

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 21,665,987	\$ 11,226,215	\$ 2,638,108

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Asset	Net Pension Liability	Pension Expense
VRS Pension Plans:									
Primary Government	\$ 2,209,343	\$ 3,717,037	\$ 1,676,804	\$ 629,887	\$ -	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	269,406	976,661	560,295	-	(74,991)
School Board Professional	-	-	-	-	4,109,055	9,616,652	-	11,226,215	(445,158)
Totals	<u>\$ 2,209,343</u>	<u>\$ 3,717,037</u>	<u>\$ 1,676,804</u>	<u>\$ 629,887</u>	<u>\$ 4,378,461</u>	<u>\$ 10,593,313</u>	<u>\$ 560,295</u>	<u>\$ 11,226,215</u>	<u>\$ (520,149)</u>

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2022 was \$64,451.

Note 10—Other Postemployment Benefits - County Health Insurance:

Plan Description

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

Benefits Provided

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

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

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

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	156
Total retirees with coverage	7
Total spouses of retirees with coverage	<u>2</u>
Total	<u>165</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$35,910.

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54% as of June 30, 2022
Inflation	2.50% per year as of June 30, 2022
County Participation Rate	It is assumed 20% of future retirees will elect coverage and also cover a spouse.
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2022.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balance at June 30, 2021	\$ 414,650
Changes for the year:	
Service cost	\$ 31,752
Interest on Total OPEB Liability	9,256
Changes in assumptions	(36,311)
Benefit payments	(35,910)
Net changes	\$ (31,213)
Balance at June 30, 2022	\$ 383,437

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Discount Rate		
1% Decrease (2.54%)	Current (3.54%)	1% Increase (4.54%)
\$ 409,444	\$ 383,437	\$ 359,182

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

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

Healthcare Cost Trend		
1% Decrease (4.70% decreasing to 3.00%)	Current (5.70% decreasing to 4.00%)	1% Increase (6.70% decreasing to 5.00%)
\$ 343,323	\$ 383,437	\$ 430,766

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$51,786. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,737	\$ 44,307
Change in assumptions	<u>68,624</u>	<u>34,074</u>
Total	<u>\$ 85,361</u>	<u>\$ 78,381</u>

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

<u>Year Ended June 30</u>	<u>Primary Government</u>
2023	\$ 10,778
2024	10,778
2025	10,778
2026	(6,930)
2027	(14,298)
Thereafter	(4,126)

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

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

Plan Description

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Benefits Provided

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

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

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

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	421
Total retirees with coverage	4
Total spouses of retirees with coverage	<u>1</u>
Total	<u><u>426</u></u>

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$68,789.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54% as of June 30, 2022
Inflation	2.50% per year as of June 30, 2022
School Board Participation Rate	It is assumed 50% of future retirees who are eligible for ERIP at retirement do not elect to participate. Of the 50%, we assume 20% elect retiree health coverage.
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2022.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balance at June 30, 2021	\$ 3,179,462
Changes for the year:	
Service cost	\$ 219,126
Interest on Total OPEB Liability	72,671
Changes in assumptions	(316,474)
Benefit payments	(68,789)
Net changes	\$ (93,466)
Balance at June 30, 2022	\$ 3,085,996

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Discount Rate		
1% Decrease (2.54%)	Current (3.54%)	1% Increase (4.54%)
\$ 3,313,429	\$ 3,085,996	\$ 2,870,034

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

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

Healthcare Cost Trend		
1% Decrease (4.70% decreasing to 3.00%)	Current (5.70% decreasing to 4.00%)	1% Increase (6.70% decreasing to 5.00%)
\$ 2,856,454	\$ 3,085,996	\$ 3,357,812

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$235,082. At June 30, 2022, 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	\$ -	\$ 769,451
Change in assumptions	552,665	335,441
Total	\$ 552,665	\$ 1,104,892

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

Year Ended June 30	Component Unit School Board
2023	\$ (56,715)
2024	(56,715)
2025	(56,715)
2026	(56,715)
2027	(56,715)
Thereafter	(268,652)

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

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

Plan Description

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Plan Description (continued)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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, 2022 (continued)

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

Contributions (continued)

Contributions to the Group Life Insurance Plan from the County were \$37,087 and \$35,012 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$10,484 and \$9,469 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$72,459 and \$68,695 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the entity reported a liability of \$365,581 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date as of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.03140% as compared to 0.03168% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$20,197. 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, 2022, the entity reported a liability of \$98,614 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date as of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.00850% as compared to 0.00858% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of 1,768. 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, 2022 (continued)

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

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

Component Unit School Board (Professional)

At June 30, 2022, the entity reported a liability of \$717,424 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date as of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.06160% as compared to 0.06269% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$2,154. 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, 2022, 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	\$ 41,696	\$ 2,786	\$ 11,247	\$ 751	\$ 81,825	\$ 5,466
Net difference between projected and actual earnings on GLI OPEB plan investments	-	87,256	-	23,537	-	171,234
Change in assumptions	20,154	50,019	5,437	13,492	39,551	98,159
Changes in proportionate share	23,504	17,689	-	8,773	653	91,990
Employer contributions subsequent to the measurement date	37,087	-	10,484	-	72,459	-
Total	\$ 122,441	\$ 157,750	\$ 27,168	\$ 46,553	\$ 194,488	\$ 366,849

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

\$37,087, \$10,484, and \$72,459 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, 2023. 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>	<u>Component Unit School Board (Professional)</u>
2023	\$ (12,790)	\$ (7,130)	\$ (62,581)
2024	(9,473)	(6,036)	(54,864)
2025	(13,473)	(5,987)	(49,414)
2026	(30,142)	(8,847)	(64,204)
2027	(6,518)	(1,869)	(13,757)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 12-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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	<u>\$ 1,164,272</u>
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	 67.45%

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.

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 534,128	\$ 365,581	\$ 229,473
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 144,079	\$ 98,614	\$ 61,899
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,048,183	\$ 717,424	\$ 450,322

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report) A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>School Board</u>
	Number	Number
Inactive members or their beneficiaries currently receiving benefits	2	43
Inactive members:		
Vested inactive members	2	1
Active members	38	93
Total covered employees	42	137

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, 2022 was 0.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$5,033 and \$4,706 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board’s contractually required employer contribution rate for the year ended June 30, 2022 was 0.91% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$17,667 and \$15,910 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Net HIC OPEB Liability

The County's and Component Unit School Board's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2022 (continued)**

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

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Total HIC OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 87,767	\$ (1,063)	\$ 88,830
Changes for the year:			
Service cost	\$ 3,668	\$ -	\$ 3,668
Interest	1,896	-	1,896
Differences between expected and actual experience	(13,676)	-	(13,676)
Assumption changes	3,198	-	3,198
Contributions - employer	-	4,706	(4,706)
Benefit payments	(3,980)	(3,980)	-
Administrative expenses	-	-	-
Net changes	\$ (8,894)	\$ 726	\$ (9,620)
Balances at June 30, 2021	\$ 78,873	\$ (337)	\$ 79,210

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Changes in Net HIC OPEB Liability (continued)

	Component Unit School Board		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 202,921	\$ -	\$ 202,921
Changes for the year:			
Service cost	\$ 2,531	\$ -	\$ 2,531
Interest	13,697	-	13,697
Assumption changes	7,408	-	7,408
Contributions - employer	-	15,910	(15,910)
Net investment income	-	2,215	(2,215)
Administrative expenses	-	(71)	71
Net changes	\$ 23,636	\$ 18,054	\$ 5,582
Balances at June 30, 2021	\$ 226,557	\$ 18,054	\$ 208,503

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Patrick County's Net HIC OPEB Liability	\$ 93,923	\$ 79,210	\$ 70,322
Component Unit School Board's Net HIC OPEB Liability	\$ 228,910	\$ 208,503	\$ 190,866

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

For the year ended June 30, 2022, the County and Component Unit School Board recognized HIC Plan OPEB expense of \$13,436 and \$17,352, respectively. At June 30, 2022, the County and Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the County’s HIC Program from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,890	\$ 11,685	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	15	-	1,344
Change of assumptions	12,217	-	5,484	-
Employer contributions subsequent to the measurement date	5,033	-	17,667	-
Total	\$ 47,140	\$ 11,700	23,151	\$ 1,344

\$5,033 and \$17,667 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’s and the Component Unit School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023.

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

Year Ended June 30	Primary Government	Component Unit-School Board Non-Professional
2022	\$ 7,826	1,588
2023	7,816	1,588
2024	7,808	1,300
2025	7,707	(336)
2026	578	-
Thereafter	(1,328)	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% 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, 2019. 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 \$162,206 and \$153,962 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the school division reported a liability of \$1,846,671 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.14387% as compared to 0.14718% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$102,773. 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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

At June 30, 2022, 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	\$ -	\$ 32,224
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	24,326
Change in assumptions	49,919	7,422
Change in proportionate share	-	208,046
Employer contributions subsequent to the measurement date	<u>162,206</u>	<u>-</u>
Total	<u>\$ 212,125</u>	<u>\$ 272,018</u>

\$162,206 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, 2023.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

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

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

Year Ended June 30

2023	\$	(49,883)
2024		(50,159)
2025		(48,779)
2026		(42,542)
2027		(21,396)
Thereafter		(9,340)

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, 2020, 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, 2021.

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,283,569
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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, 2022 (continued)

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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, 2022 (continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	7.75%
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,078,840	\$ 1,846,671	\$ 1,650,201

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ 85,361	\$ 78,381	\$ 383,437	\$ 51,786	\$ -	\$ -	\$ -	\$ -
School Board Stand-Alone Plan (Note 11)	-	-	-	-	552,665	1,104,892	3,085,996	235,082
VRS OPEB Plans:								
GLI Plan (Note 12)								
County	122,441	157,750	365,581	20,197	-	-	-	-
School Board Nonprofessional	-	-	-	-	27,168	46,553	98,614	1,768
School Board Professional	-	-	-	-	194,488	366,849	717,424	2,154
County HIC Plan (Note 13)	47,140	11,700	79,210	13,436	-	-	-	-
School Board HIC Plan (Note 13)	-	-	-	-	23,151	1,344	208,503	17,352
Teacher HIC Plan (Note 14)	-	-	-	-	212,125	272,018	1,846,671	102,773
Totals	\$ 254,942	\$ 247,831	\$ 828,228	\$ 85,419	\$ 1,009,597	\$ 1,791,656	\$ 5,957,208	\$ 359,129

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2022 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	81,670	-	(81,670)	-
Total capital assets not being depreciated	<u>\$ 1,278,934</u>	<u>\$ -</u>	<u>\$ (81,670)</u>	<u>\$ 1,197,264</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 50,937,580	\$ 81,670	\$ -	\$ 51,019,250
Machinery and equipment	4,807,339	414,355	(101,771)	5,119,923
Total capital assets being depreciated	<u>\$ 55,744,919</u>	<u>\$ 496,025</u>	<u>\$ (101,771)</u>	<u>\$ 56,139,173</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,258,084)	\$ (1,281,938)	\$ -	\$ (16,540,022)
Machinery and equipment	(3,643,522)	(433,610)	101,771	(3,975,361)
Total accumulated depreciation	<u>\$ (18,901,606)</u>	<u>\$ (1,715,548)</u>	<u>\$ 101,771</u>	<u>\$ (20,515,383)</u>
Total capital assets being depreciated, net	<u>\$ 36,843,313</u>	<u>\$ (1,219,523)</u>	<u>\$ -</u>	<u>\$ 35,623,790</u>
Intangible right-to-use assets:				
Machinery and equipment	\$ -	\$ 152,001	\$ -	\$ 152,001
Total intangible right-to-use assets being depreciated	<u>\$ -</u>	<u>\$ 152,001</u>	<u>\$ -</u>	<u>\$ 152,001</u>
Accumulated amortization				
Machinery and equipment	\$ -	\$ (30,400)	\$ -	\$ (30,400)
Total accumulated amortization	<u>\$ -</u>	<u>\$ (30,400)</u>	<u>\$ -</u>	<u>\$ (30,400)</u>
Net intangible right-to-use assets	<u>\$ -</u>	<u>\$ 121,601</u>	<u>\$ -</u>	<u>\$ 121,601</u>
Governmental activities capital assets, net	<u>\$ 38,122,247</u>	<u>\$ (1,097,922)</u>	<u>\$ (81,670)</u>	<u>\$ 36,942,655</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 5,053,532	\$ -	\$ -	\$ 5,053,532
Accumulated depreciation:				
Infrastructure	\$ (1,122,257)	\$ (126,338)	\$ -	\$ (1,248,595)
Business-type activities capital assets, net	<u>\$ 3,931,275</u>	<u>\$ (126,338)</u>	<u>\$ -</u>	<u>\$ 3,804,937</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 16-Capital Assets: (continued)

Primary Government: (continued)

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

Governmental Activities:

General government administration	\$	40,613
Judicial administration		2,796
Public safety		659,883
Public works		150,401
Health and welfare		11,879
Education		837,508
Parks, recreation, and cultural		30,334
Community development		12,534
		<hr/>

Total depreciation/amortization expense-governmental activities \$ 1,745,948

Business-type Activities:

PSA fund	\$	<u><u>126,338</u></u>
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County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2022 (continued)**

Note 16-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	GASB No. 87 Adjustment	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 561,748	\$ -	\$ 207,828	\$ -	\$ 769,576
Construction in progress	184,072	-	123,938	(184,072)	123,938
Total capital assets not being depreciated	\$ 745,820	\$ -	\$ 331,766	\$ (184,072)	\$ 893,514
Capital assets, being depreciated:					
Buildings and improvements	\$ 22,234,806	\$ -	\$ 432,037	\$ -	\$ 22,666,843
Machinery and equipment	8,114,023	-	3,799,782	-	11,913,805
Total capital assets being depreciated	\$ 30,348,829	\$ -	\$ 4,231,819	\$ -	\$ 34,580,648
Accumulated depreciation:					
Buildings and improvements	\$ (15,295,635)	\$ -	\$ (480,899)	\$ -	\$ (15,776,534)
Machinery and equipment	(5,299,624)	-	(707,676)	-	(6,007,300)
Total accumulated depreciation	\$ (20,595,259)	\$ -	\$ (1,188,575)	\$ -	\$ (21,783,834)
Total capital assets being depreciated, net	\$ 9,753,570	\$ -	\$ 3,043,244	\$ -	\$ 12,796,814
Intangible right-to-use assets, being amortized:					
Machinery and equipment	\$ -	\$ 83,925	\$ 8,986	\$ -	\$ 92,911
Total intangible right-to-use assets being amortized	\$ -	\$ 83,925	\$ 8,986	\$ -	\$ 92,911
Accumulated amortization					
Machinery and equipment	\$ -	\$ -	\$ (20,419)	\$ -	\$ (20,419)
Total accumulated amortization	\$ -	\$ -	\$ (20,419)	\$ -	\$ (20,419)
Net intangible right-to-use assets	\$ -	\$ 83,925	\$ (11,433)	\$ -	\$ 72,492
Governmental activities capital assets, net	\$ 10,499,390	\$ 83,925	\$ 3,363,577	\$ (184,072)	\$ 13,762,820

Note 17-Risk Management:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 18-Contingent Liabilities:

Federal programs in which the County and discretely presented component unit School Board participate were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 19-Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 635,846
Deferred EMS billing revenues	-	51,885
Deferred opioid abatement settlement proceeds	-	371,771
2nd half tax assessments due in December 2022	1,748,036	1,748,036
Prepaid property taxes due in December 2022, but paid in advance by taxpayers	4,390,117	4,390,117
Total deferred/unavailable revenue	\$ <u>6,138,153</u>	\$ <u>7,197,655</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 20-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Sherri M. Hazelwood, Clerk of the Circuit Court	\$	115,000
Sandra K. Stone, Treasurer		400,000
Cindy Kendrick, Commissioner of the Revenue		3,000
Dan Smith, Sheriff		30,000
All constitutional officers' employees: blanket bond		50,000

VaRisk 2:

All Social Services employees: blanket bond	\$	250,000
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Component Unit - School Board:

Zurick North America:

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

Note 21-Self-insured Health Insurance:

The County of Patrick, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2022, a total of \$643,205 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 \$385,177 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 2022 and the two previous years were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2021-22	\$ 347,807	\$ 680,575	\$ (643,205)	\$ 385,177
2020-21	484,592	3,703,461	(3,840,246)	347,807
2019-20	359,866	5,241,796	(5,117,070)	484,592

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 22-Litigation:

At June 30, 2022, there was one matter of litigation involving the County that could materially affect the financial position. One real estate holder in the County has alleged their property is significantly over-assessed and that a refund between \$138,556 and \$295,635 plus interest should be returned to them. The County has agreed to review information, as provided by a third-party consultant, but that report is not available as of the issuance of these financial statements and therefore no estimable settlement is available to record in the financial statements.

Note 23-Pandemic Funding:

ARPA Funding

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

On June 24, 2021, the County received its share of the first half of the CSLFRF funds. The County receive the second half on June 9, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,868,522 from the two allocations are reported as unearned revenue as of June 30.

ESF Funding

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

Note 24-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. 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. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease:

	<u>Net Position</u>
	Component Unit - School Board
Lessee activity:	
Lease asset	\$ 83,925
Lease liability	<u>\$ 83,925</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 24-Adoption of Accounting Principles: (continued)

The County implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2022. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

Note 25-Restatement of Beginning Balance:

The School Board restated beginning balances to correct the below error for a financed purchase that was actually paid off at the end of fiscal year 2021. The financial statements have been restated as follows:

	<u>Net Position</u>
	Component Unit - School Board
Beginning balance (deficit), as previously stated	\$ (15,343,207)
Correct reporting of financed purchase	111,727
Correct interest payable related to financed purchase	3,634
Beginning balance (deficit), as restated	<u>\$ (15,227,846)</u>

Note 26-Upcoming Pronouncements:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2022 (continued)

Note 26-Upcoming Pronouncements: (continued)

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

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

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 14,046,359	\$ 14,049,364	\$ 15,282,528	\$ 1,233,164
Other local taxes	3,002,128	3,640,796	5,323,716	1,682,920
Permits, privilege fees, and regulatory licenses	69,100	69,100	112,163	43,063
Fines and forfeitures	25,000	25,000	28,594	3,594
Revenue from the use of money and property	20,500	20,500	33,799	13,299
Charges for services	541,950	593,206	795,317	202,111
Miscellaneous	38,200	100,476	171,033	70,557
Recovered costs	742,058	1,317,768	1,459,903	142,135
Intergovernmental:				
Commonwealth	6,020,787	6,211,421	5,877,286	(334,135)
Federal	1,483,128	1,533,905	2,549,364	1,015,459
Total revenues	\$ 25,989,210	\$ 27,561,536	\$ 31,633,703	\$ 4,072,167
EXPENDITURES				
Current:				
General government administration	\$ 1,750,989	\$ 1,846,162	\$ 1,661,445	\$ 184,717
Judicial administration	1,422,386	1,413,140	1,247,700	165,440
Public safety	7,670,906	8,769,559	8,327,673	441,886
Public works	1,623,920	1,687,304	1,650,557	36,747
Health and welfare	3,682,225	3,838,136	3,767,388	70,748
Education	5,296,325	6,281,812	6,300,931	(19,119)
Parks, recreation, and cultural	542,830	584,323	557,735	26,588
Community development	862,205	1,070,762	1,116,995	(46,233)
Nondepartmental	248,756	46,733	21,000	25,733
Capital projects	150,247	93,736	35,438	58,298
Debt service:				
Principal retirement	1,486,987	1,486,987	1,486,987	-
Interest and other fiscal charges	1,215,704	1,215,704	1,347,273	(131,569)
Total expenditures	\$ 25,953,480	\$ 28,334,358	\$ 27,521,122	\$ 813,236
Excess (deficiency) of revenues over (under) expenditures	\$ 35,730	\$ (772,822)	\$ 4,112,581	\$ 4,885,403
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 60	\$ 1,087	\$ 1,027	\$ (60)
Issuance of leases	-	-	152,001	152,001
Total other financing sources (uses)	\$ 60	\$ 1,087	\$ 153,028	\$ 151,941
Net change in fund balances	\$ 35,790	\$ (771,735)	\$ 4,265,609	\$ 5,037,344
Fund balances - beginning	(35,790)	771,735	10,981,182	10,209,447
Fund balances - ending	\$ -	\$ -	\$ 15,246,791	\$ 15,246,791

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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 848,677	\$ 848,505	\$ 765,732	\$ 673,187	\$ 644,046	\$ 635,360	\$ 623,211	\$ 590,605
Interest	1,969,520	1,871,073	1,754,022	1,625,708	1,573,393	1,480,869	1,413,572	1,342,653
Changes of benefit terms	(612,254)	58,641	-	-	-	-	-	-
Changes of assumptions	1,113,587	50,458	616,890	818,938	(137,413)	302,742	(67,963)	-
Benefit payments	(1,392,871)	(1,347,566)	(1,254,800)	(1,314,751)	(1,122,783)	(1,071,608)	(943,259)	(897,006)
Net change in total pension liability	\$ 1,926,713	\$ 1,481,111	\$ 2,708,523	\$ 1,803,082	\$ 843,336	\$ 1,347,363	\$ 1,025,561	\$ 1,036,252
Total pension liability - beginning	\$ 29,874,488	\$ 28,393,377	\$ 25,684,854	\$ 23,881,772	\$ 23,038,436	\$ 21,691,073	\$ 20,665,512	\$ 19,629,260
Total pension liability - ending (a)	\$ 31,801,201	\$ 29,874,488	\$ 28,393,377	\$ 25,684,854	\$ 23,881,772	\$ 23,038,436	\$ 21,691,073	\$ 20,665,512
Plan fiduciary net position								
Contributions - employer	\$ 864,503	\$ 749,869	\$ 746,600	\$ 648,274	\$ 590,400	\$ 671,160	\$ 652,292	\$ 683,571
Contributions - employee	312,917	330,161	314,186	297,343	279,673	281,457	265,355	250,495
Net investment income	6,521,922	453,746	1,496,095	1,563,432	2,327,266	334,479	832,521	2,474,387
Benefit payments	(1,392,817)	(1,347,566)	(1,254,800)	(1,314,751)	(1,122,783)	(1,071,608)	(943,259)	(897,006)
Administrator changes	(15,981)	(15,282)	(14,563)	(13,496)	(13,419)	(11,736)	(11,275)	(13,188)
Other	618	(537)	(944)	(1,389)	(2,072)	(140)	(175)	130
Net change in plan fiduciary net position	\$ 6,291,162	\$ 170,391	\$ 1,286,574	\$ 1,179,413	\$ 2,059,065	\$ 203,612	\$ 795,459	\$ 2,498,389
Plan fiduciary net position - beginning	\$ 23,833,235	\$ 23,662,844	\$ 22,376,270	\$ 21,196,857	\$ 19,137,792	\$ 18,934,180	\$ 18,138,721	\$ 15,640,332
Plan fiduciary net position - ending (b)	\$ 30,124,397	\$ 23,833,235	\$ 23,662,844	\$ 22,376,270	\$ 21,196,857	\$ 19,137,792	\$ 18,934,180	\$ 18,138,721
County's net pension liability - ending (a) - (b)	\$ 1,676,804	\$ 6,041,253	\$ 4,730,533	\$ 3,308,584	\$ 2,684,915	\$ 3,900,644	\$ 2,756,893	\$ 2,526,791
Plan fiduciary net position as a percentage of the total pension liability	94.73%	79.78%	83.34%	87.12%	88.76%	83.07%	87.29%	87.77%
Covered payroll	\$ 6,493,241	\$ 6,522,025	\$ 6,460,418	\$ 6,108,403	\$ 5,520,475	\$ 5,297,198	\$ 5,131,869	\$ 4,957,116
County's net pension liability as a percentage of covered payroll	25.82%	92.63%	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, 2021

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

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.14461%	0.14780%	0.15235%	0.16321%	0.16990%	0.17012%	0.17090%	0.17175%
Employer's Proportionate Share of the Net Pension Liability	\$ 11,226,215	\$ 21,516,057	\$ 20,050,126	\$ 19,194,000	\$ 20,894,000	\$ 23,841,000	\$ 21,510,000	\$ 20,755,000
Employer's Covered Payroll	\$ 12,722,354	\$ 12,914,293	\$ 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	88.24%	166.61%	157.73%	145.91%	156.35%	183.76%	169.29%	165.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%	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, 2013 through June 30, 2022

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					
2022	\$ 910,445	\$ 910,445	\$ -	\$ 6,865,549	13.26%
2021	864,835	864,835	-	6,493,241	13.32%
2020	750,496	750,496	-	6,522,025	11.51%
2019	746,919	746,919	-	6,460,418	11.56%
2018	648,526	648,526	-	6,108,403	10.62%
2017	590,726	590,726	-	5,520,475	10.70%
2016	671,160	671,160	-	5,297,198	12.67%
2015	652,292	652,292	-	5,131,869	12.71%
2014	683,781	683,781	-	4,957,116	13.79%
2013	633,508	633,508	-	4,589,550	13.80%
Component Unit School Board (nonprofessional)					
2022	\$ 118,271	\$ 118,271	\$ -	\$ 1,941,458	6.09%
2021	106,674	106,674	-	1,748,348	6.10%
2020	107,760	107,760	-	1,770,774	6.09%
2019	109,273	109,273	-	1,759,409	6.21%
2018	114,284	114,284	-	1,781,608	6.41%
2017	114,992	114,992	-	1,763,936	6.52%
2016	170,680	170,680	-	1,720,429	9.92%
2015	171,319	171,319	-	1,716,920	9.98%
2014	192,379	192,379	-	1,747,308	11.01%
2013	187,639	187,639	-	1,706,787	10.99%
Component Unit School Board (professional)					
2022	\$ 2,142,251	\$ 2,142,251	\$ -	\$ 13,363,586	16.03%
2021	2,045,566	2,045,566	-	12,722,354	16.08%
2020	1,964,648	1,964,648	-	12,914,293	15.21%
2019	1,952,976	1,952,976	-	12,712,025	15.36%
2018	2,106,654	2,106,654	-	13,155,134	16.01%
2017	1,933,261	1,933,261	-	13,363,229	14.47%
2016	1,930,644	1,930,644	-	12,974,082	14.88%
2015	1,835,096	1,835,096	-	12,706,299	14.44%
2014	1,559,788	1,559,788	-	12,561,207	12.42%
2013	1,925,968	1,925,968	-	12,391,074	15.54%

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

County of Patrick, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

Component Unit School Board - Professional Employees

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

County of Patrick, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government - Health Insurance
 For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 31,752	\$ 30,225	\$ 27,921	\$ 17,363	\$ 15,596
Interest	9,256	10,628	15,288	12,279	9,877
Effect of economic/demographic gains or losses	-	(61,027)	-	37,025	-
Changes in assumptions	(36,311)	2,579	33,585	108,743	(7,277)
Benefit payments	(35,910)	(36,651)	(33,221)	(25,691)	(18,235)
Net change in total OPEB liability	\$ (31,213)	\$ (54,246)	\$ 43,573	\$ 149,719	\$ (39)
Total OPEB liability - beginning	414,650	468,896	425,323	275,604	275,643
Total OPEB liability - ending	\$ 383,437	\$ 414,650	\$ 468,896	\$ 425,323	\$ 275,604
Covered payroll	\$ 6,387,091	\$ 6,387,091	\$ 6,411,197	\$ 6,411,197	\$ 5,453,800
County's total OPEB liability as a percentage of covered payroll	6.00%	6.49%	7.31%	6.63%	5.05%

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

County of Patrick, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit - School Board - Health Insurance
 For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 219,126	\$ 196,756	\$ 178,836	\$ 130,150	\$ 142,406
Interest	72,671	79,037	107,635	103,583	102,174
Effect of economic/demographic gains or losses	-	(744,473)	-	(279,540)	-
Changes in assumptions	(316,474)	295,216	279,152	218,241	(86,103)
Benefit payments	(68,789)	(53,111)	(111,090)	(92,861)	(125,748)
Net change in total OPEB liability	\$ (93,466)	\$ (226,575)	\$ 454,533	\$ 79,573	\$ 32,729
Total OPEB liability - beginning	3,179,462	3,406,037	2,951,504	2,871,931	2,839,202
Total OPEB liability - ending	\$ 3,085,996	\$ 3,179,462	\$ 3,406,037	\$ 2,951,504	\$ 2,871,931
Covered payroll	\$ 14,448,316	\$ 14,448,316	\$ 14,396,228	\$ 14,396,228	\$ 14,984,000
School Board's total OPEB liability as a percentage of covered payroll	21.36%	22.01%	23.66%	20.50%	19.17%

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

County of Patrick, Virginia
Notes to Required Supplementary Information - Health Insurance
For the Year Ended June 30, 2022

Primary Government and Component Unit School Board

Valuation Date: 1/1/2021
 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	3.54% as of June 30, 2022
Inflation	2.50% per year as of June 30, 2022
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
County Participation Rate	It is assumed 20% of future retirees will elect coverage and also cover a spouse.
School Board Participation Rate	It is assumed 50% of future retirees who are eligible for ERIP at retirement do not elect to participate. Of the 50%, we assume 20% elect retiree health coverage.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

County of Patrick, Virginia
 Schedule of Employers' Share of the Net OPEB Liability
 Primary Government - Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.03140% \$	365,581 \$	6,493,241	5.63%	67.45%
2020	0.03168%	528,688	6,522,025	8.11%	52.64%
2019	0.03306%	537,974	6,481,527	8.30%	52.00%
2018	0.03212%	488,000	6,108,403	7.99%	51.22%
2017	0.02993%	451,000	5,520,475	8.17%	48.86%

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

County of Patrick, Virginia
 Schedule of Employers' Share of the Net OPEB Liability
 Component Unit - School Board (nonprofessional) Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.00850% \$	98,614 \$	1,753,573	5.62%	67.45%
2020	0.00858%	143,186	1,773,509	8.07%	52.64%
2019	0.00900%	146,453	1,763,835	8.30%	52.00%
2018	0.00937%	143,000	1,781,608	8.03%	51.22%
2017	0.00956%	144,000	1,763,936	8.16%	48.86%

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

County of Patrick, Virginia
 Schedule of Employers' Share of the Net OPEB Liability
 Component Unit - School Board - Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.06160%	\$ 717,424	\$ 12,741,680	5.63%	67.45%
2020	0.06269%	1,046,194	12,914,298	8.10%	52.64%
2019	0.06485%	1,055,282	12,711,488	8.30%	52.00%
2018	0.06919%	1,051,000	13,155,134	7.99%	51.22%
2017	0.07245%	1,090,000	13,363,229	8.16%	48.86%

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

County of Patrick, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

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					
2022	\$ 37,087	\$ 37,087	\$ -	\$ 6,865,549	0.54%
2021	35,012	35,012	-	6,493,241	0.54%
2020	33,915	33,915	-	6,522,025	0.52%
2019	33,705	33,705	-	6,481,527	0.52%
2018	31,757	31,757	-	6,108,403	0.52%
2017	28,706	28,706	-	5,520,475	0.52%
2016	25,427	25,427	-	5,297,198	0.48%
2015	24,633	24,633	-	5,131,869	0.48%
2014	23,794	23,794	-	4,957,116	0.48%
2013	22,030	22,030	-	4,589,550	0.48%
Component Unit School Board (nonprofessional)					
2022	\$ 10,484	\$ 10,484	\$ -	\$ 1,941,458	0.54%
2021	9,469	9,469	-	1,753,573	0.54%
2020	9,199	9,199	-	1,773,509	0.52%
2019	9,137	9,137	-	1,763,835	0.52%
2018	9,265	9,265	-	1,781,608	0.52%
2017	9,172	9,172	-	1,763,936	0.52%
2016	8,258	8,258	-	1,720,429	0.48%
2015	8,241	8,241	-	1,716,920	0.48%
2014	8,392	8,392	-	1,747,308	0.48%
2013	8,193	8,193	-	1,706,787	0.48%
Component Unit School Board (professional)					
2022	\$ 72,459	\$ 72,459	\$ -	\$ 13,391,364	0.54%
2021	68,695	68,695	-	12,741,680	0.54%
2020	67,096	67,096	-	12,914,298	0.52%
2019	66,120	66,120	-	12,711,488	0.52%
2018	68,406	68,406	-	13,155,134	0.52%
2017	69,489	69,489	-	13,363,229	0.52%
2016	62,276	62,276	-	12,974,082	0.48%
2015	60,990	60,990	-	12,706,299	0.48%
2014	60,294	60,294	-	12,561,207	0.48%
2013	59,477	59,477	-	12,391,074	0.48%

County of Patrick, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Patrick, Virginia
 Schedule of Changes in the County's Net OPEB Liability and Ratios
 Primary Government - Health Insurance Credit (HIC) Plan
 For the Measurement Date of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total HIC OPEB Liability				
Service cost	\$ 3,668	\$ 2,892	\$ 1,541	\$ 1,961
Interest	1,896	1,022	1,987	(8)
Differences between expected and actual experience	(13,676)	43,767	323	28,414
Changes of assumptions	3,198	13,194	977	-
Benefit payments	(3,980)	(4,590)	(3,473)	(240)
Net change in total HIC OPEB liability	\$ (8,894)	\$ 56,285	\$ 1,355	\$ 30,127
Total HIC OPEB Liability - beginning	87,767	31,482	30,127	-
Total HIC OPEB Liability - ending (a)	\$ 78,873	\$ 87,767	\$ 31,482	\$ 30,127
Plan fiduciary net position				
Contributions - employer	\$ 4,706	\$ 2,706	\$ 1,943	\$ 2,501
Net investment income	-	-	69	23
Benefit payments	(3,980)	(4,590)	(3,473)	(240)
Administrator charges	-	1	-	(3)
Net change in plan fiduciary net position	\$ 726	\$ (1,883)	\$ (1,461)	\$ 2,281
Plan fiduciary net position - beginning	(1,063)	820	2,281	-
Plan fiduciary net position - ending (b)	\$ (337)	\$ (1,063)	\$ 820	\$ 2,281
County's net HIC OPEB liability - ending (a) - (b)	\$ 79,210	\$ 88,830	\$ 30,662	\$ 27,846
Plan fiduciary net position as a percentage of the total HIC OPEB liability	-0.43%	-1.21%	2.60%	7.57%
Covered payroll	\$ 1,386,564	\$ 1,446,653	\$ 1,493,942	\$ 1,470,653
County's net HIC OPEB liability as a percentage of covered payroll	5.71%	6.14%	2.05%	1.89%

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

County of Patrick, Virginia
 Schedule of Changes in the County's Net OPEB Liability and Ratios
 Component Unit - School Board - Health Insurance Credit (HIC) Plan
 For the Measurement Date of June 30, 2020 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 2,531	\$ -
Interest	13,697	-
Changes in benefit terms	-	202,921
Changes of assumptions	7,408	-
Net change in total HIC OPEB liability	\$ 23,636	\$ 202,921
Total HIC OPEB Liability - beginning	202,921	-
Total HIC OPEB Liability - ending (a)	\$ 226,557	\$ 202,921
Plan fiduciary net position		
Contributions - employer	\$ 15,910	\$ -
Net investment income	2,215	-
Administrator charges	(71)	-
Net change in plan fiduciary net position	\$ 18,054	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 18,054	\$ -
Component Unit School Board's net HIC OPEB liability - ending (a) - (b)	\$ 208,503	\$ 202,921
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.97%	0.00%
Covered payroll	\$ 1,748,348	\$ -
County's net HIC OPEB liability as a percentage of covered payroll	11.93%	0.00%

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

County of Patrick, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2018 through June 30, 2022

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					
2022	\$ 5,033	\$ 5,033	\$ -	\$ 1,477,767	0.34%
2021	4,706	4,706	-	1,386,564	0.34%
2020	2,710	2,710	-	1,446,653	0.19%
2019	2,844	2,844	-	1,493,942	0.19%
2018	2,501	2,501	-	1,470,653	0.17%
Component Unit School Board (nonprofessional)					
2022	\$ 17,667	\$ 17,667	\$ -	\$ 1,941,458	0.91%
2021	15,910	15,910	-	1,748,348	0.91%

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

County of Patrick, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Patrick, Virginia
 Schedule of School Board's Share of the Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.14387%	\$ 1,846,671	\$ 12,744,355	14.49%	13.15%
2020	0.14718%	1,919,987	12,914,298	14.87%	9.95%
2019	0.15151%	1,983,413	12,711,488	15.60%	8.97%
2018	0.16267%	2,065,000	13,155,362	15.70%	8.08%
2017	0.16933%	2,148,000	13,363,229	16.07%	7.04%

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

County of Patrick, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 162,206	\$ 162,206	-	\$ 13,363,586	1.21%
2021	153,962	153,962	-	12,744,355	1.21%
2020	154,877	154,877	-	12,914,298	1.20%
2019	152,545	152,545	-	12,711,488	1.20%
2018	161,807	161,807	-	13,155,362	1.23%
2017	148,332	148,332	-	13,363,229	1.11%
2016	137,490	137,490	-	12,970,782	1.06%
2015	134,687	134,687	-	12,706,299	1.06%
2014	139,415	139,415	-	12,559,948	1.11%
2013	135,665	135,665	-	12,222,042	1.11%

County of Patrick, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Other Supplementary Information

County of Patrick, Virginia
 Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2022

	Asset Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 347	\$ 347
Intergovernmental:				
Commonwealth	-	5,000	12,269	7,269
Total revenues	\$ -	\$ 5,000	\$ 12,616	\$ 7,616
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 2,828	\$ 2,828	\$ -
Total expenditures	\$ -	\$ 2,828	\$ 2,828	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 2,172	\$ 9,788	\$ 7,616
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (2,172)	\$ (1,027)	\$ 1,145
Total other financing sources and uses	\$ -	\$ (2,172)	\$ (1,027)	\$ 1,145
Net change in fund balances	\$ -	\$ -	\$ 8,761	\$ 8,761
Fund balances - beginning	-	-	218,291	218,291
Fund balances - ending	\$ -	\$ -	\$ 227,052	\$ 227,052

County of Patrick, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Custodial Funds			
	Special Welfare	Dehart Cemetery	Inmate	Total
ASSETS				
Cash and cash equivalents	\$ 291	\$ 6,000	\$ 12,894	\$ 19,185
Total assets	\$ 291	\$ 6,000	\$ 12,894	\$ 19,185
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 7,591	\$ 7,591
Total liabilities	\$ -	\$ -	\$ 7,591	\$ 7,591
NET POSITION				
Restricted:				
Special Welfare	\$ 291	\$ -	\$ -	\$ 291
Dehart Cemetery	-	6,000	-	6,000
Inmate Balances	-	-	5,303	5,303
Total net position	\$ 291	\$ 6,000	\$ 5,303	\$ 11,594

County of Patrick, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds			
	<u>Special Welfare</u>	<u>Dehart Cemetery</u>	<u>Inmate</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Expenditure reimbursements	\$ 19,838	\$ -	\$ -	\$ 19,838
Miscellaneous	-	8	-	8
Inmate reimbursements	-	-	156,756	156,756
Total contributions	<u>\$ 19,838</u>	<u>\$ 8</u>	<u>\$ 156,756</u>	<u>\$ 176,602</u>
DEDUCTIONS				
Special welfare payments	\$ 22,156	\$ -	\$ -	\$ 22,156
Transfers to other funds	-	8	-	8
Inmate payments	-	-	161,990	161,990
Total deductions	<u>\$ 22,156</u>	<u>\$ 8</u>	<u>\$ 161,990</u>	<u>\$ 184,154</u>
Net increase (decrease) in fiduciary net position	\$ (2,318)	\$ -	\$ (5,234)	\$ (7,552)
Net position - beginning	2,609	6,000	10,537	19,146
Net position - ending	<u>\$ 291</u>	<u>\$ 6,000</u>	<u>\$ 5,303</u>	<u>\$ 11,594</u>

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	Nonmajor Fund		<u>Total</u>
	School Operating Fund	School Activity Fund	
ASSETS			
Cash and cash equivalents	\$ 2,163,088	\$ -	\$ 2,163,088
Cash in custody of others	200	440,509	440,709
Investments	252,318	-	252,318
Receivables (net of allowance for uncollectibles)			-
Accounts receivable	130,534	4,990	135,524
Due from other governmental units	1,765,094	-	1,765,094
Inventories	64,815	-	64,815
Prepaid items	353,932	-	353,932
Total assets	<u>\$ 4,729,981</u>	<u>\$ 445,499</u>	<u>\$ 5,175,480</u>
LIABILITIES			
Accounts payable	\$ 538,631	\$ 1,890	\$ 540,521
Salaries payable	1,822,364	-	1,822,364
Due to primary government	1,545,968	-	1,545,968
Total liabilities	<u>\$ 3,906,963</u>	<u>\$ 1,890</u>	<u>\$ 3,908,853</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 353,932	\$ -	\$ 353,932
Inventories	64,815	-	64,815
Restricted:			
Cafeteria	758,003	-	758,003
Committed:			
Education	200	-	200
Unassigned			
	(353,932)	443,609	89,677
Total fund balances	<u>\$ 823,018</u>	<u>\$ 443,609</u>	<u>\$ 1,266,627</u>
Total liabilities and fund balances	<u>\$ 4,729,981</u>	<u>\$ 445,499</u>	<u>\$ 5,175,480</u>

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

Total fund balances per above \$ 1,266,627

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

Land	\$ 769,576	
Construction in progress	123,938	
Building and improvements	6,890,309	
Machinery and equipment	<u>5,978,997</u>	13,762,820

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

Net pension asset 560,295

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

Pension related items	\$ 4,378,461	
OPEB related items	<u>1,009,597</u>	5,388,058

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

Lease liabilities	\$ (73,792)	
Compensated absences	(448,138)	
Net pension liability	(11,226,215)	
Net OPEB liabilities	<u>(5,957,208)</u>	(17,705,353)

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

Pension related items	\$ (10,593,313)	
OPEB related items	<u>(1,791,656)</u>	(12,384,969)

Net position of governmental activities \$ (9,112,522)

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, 2022

	School Operating Fund	Nonmajor Fund School Activity Fund*	Total
REVENUES			
Revenue from the use of money and property	\$ 844	\$ -	\$ 844
Charges for services	93,308	-	93,308
Miscellaneous	653,984	685,779	1,339,763
Recovered costs	101,310	-	101,310
Intergovernmental:			
Local government	6,283,931	-	6,283,931
Commonwealth	21,277,402	-	21,277,402
Federal	7,619,950	-	7,619,950
Total revenues	<u>\$ 36,030,729</u>	<u>\$ 685,779</u>	<u>\$ 36,716,508</u>
EXPENDITURES			
Current:			
Education	\$ 35,642,506	\$ 1,005,443	\$ 36,647,949
Debt service:			
Principal retirement	19,119	-	19,119
Interest and other fiscal charges	1,059	-	1,059
Total expenditures	<u>\$ 35,662,684</u>	<u>\$ 1,005,443</u>	<u>\$ 36,668,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 368,045</u>	<u>\$ (319,664)</u>	<u>\$ 48,381</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 318,685	\$ 318,685
Transfers out	(318,685)	-	(318,685)
Issuance of leases	8,986	-	8,986
Total other financing sources and uses	<u>\$ (309,699)</u>	<u>\$ 318,685</u>	<u>\$ 8,986</u>
Net change in fund balances	\$ 58,346	\$ (979)	\$ 57,367
Fund balances - beginning	764,672	444,588	1,209,260
Fund balances - ending	<u>\$ 823,018</u>	<u>\$ 443,609</u>	<u>\$ 1,266,627</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			\$ 57,367
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 capital outlays exceeded depreciation expense in the current period.			
Capital outlay		\$ 4,388,499	
Depreciation expense		<u>(1,208,994)</u>	3,179,505
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan			88,710
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.			
Issuance of debt:			
Lease liabilities		\$ (8,986)	
Principal payments:			
Lease liabilities		<u>19,119</u>	10,133
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		\$ 23,863	
Change in net pension (asset)/liabilities and related deferred items		2,782,848	
Change in net OPEB liabilities and related deferred items		<u>(27,102)</u>	2,779,609
Change in net position of governmental activities			<u>\$ 6,115,324</u>

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

County of Patrick, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	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	\$ 844	\$ (406)
Charges for services	174,508	174,508	93,308	(81,200)
Miscellaneous	316,500	316,500	653,984	337,484
Recovered costs	125,000	125,000	101,310	(23,690)
Intergovernmental:				
Local government	5,279,325	6,848,916	6,283,931	(564,985)
Commonwealth	20,921,066	21,064,988	21,277,402	212,414
Federal	2,570,288	11,220,872	7,619,950	(3,600,922)
Total revenues	<u>\$ 29,387,937</u>	<u>\$ 39,752,034</u>	<u>\$ 36,030,729</u>	<u>\$ (3,721,305)</u>
EXPENDITURES				
Current:				
Education	\$ 29,387,937	\$ 39,752,034	\$ 35,642,506	\$ 4,109,528
Debt service:				
Principal retirement	-	-	19,119	(19,119)
Interest and other fiscal charges	-	-	1,059	(1,059)
Total expenditures	<u>\$ 29,387,937</u>	<u>\$ 39,752,034</u>	<u>\$ 35,662,684</u>	<u>\$ 4,089,350</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 368,045	\$ 368,045
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (318,685)	\$ (318,685)
Issuance of leases	-	-	8,986	8,986
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (309,699)</u>	<u>\$ (309,699)</u>
Net change in fund balances	\$ -	\$ -	\$ 58,346	\$ 58,346
Fund balances - beginning	-	-	764,672	764,672
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823,018</u>	<u>\$ 823,018</u>

County of Patrick, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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	\$ 10,630,500	\$ 10,630,505	\$ 11,289,433	\$ 658,928
Real and personal public service corporation taxes	506,900	506,900	501,659	(5,241)
Personal property taxes	2,000,000	2,003,000	2,478,135	475,135
Mobile home taxes	108,959	108,959	97,948	(11,011)
Machinery and tools taxes	625,000	625,000	660,907	35,907
Penalties	100,000	100,000	164,417	64,417
Interest	75,000	75,000	90,029	15,029
Total general property taxes	<u>\$ 14,046,359</u>	<u>\$ 14,049,364</u>	<u>\$ 15,282,528</u>	<u>\$ 1,233,164</u>
Other local taxes:				
Local sales and use taxes	\$ 1,300,000	\$ 1,938,668	\$ 3,071,890	\$ 1,133,222
Consumers' utility taxes	410,000	410,000	415,039	5,039
Consumption taxes	60,000	60,000	55,898	(4,102)
Gross receipts tax	5,000	5,000	1,926	(3,074)
Cigarette taxes	-	-	12,729	12,729
Food and beverage taxes	250,000	250,000	380,163	130,163
Motor vehicle licenses	450,000	450,000	452,248	2,248
Bank stock taxes	22,000	22,000	6,573	(15,427)
Taxes on recordation and wills	80,000	80,000	181,775	101,775
Transient occupancy taxes	425,128	425,128	745,475	320,347
Total other local taxes	<u>\$ 3,002,128</u>	<u>\$ 3,640,796</u>	<u>\$ 5,323,716</u>	<u>\$ 1,682,920</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,300	\$ 15,300	\$ 15,035	\$ (265)
Transfer fees	800	800	1,170	370
Erosion and sediment control permits	1,000	1,000	728	(272)
Building permits	52,000	52,000	95,230	43,230
Total permits, privilege fees, and regulatory licenses	<u>\$ 69,100</u>	<u>\$ 69,100</u>	<u>\$ 112,163</u>	<u>\$ 43,063</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 28,594	\$ 3,594
Revenue from use of money and property:				
Revenue from use of money	\$ 3,500	\$ 3,500	\$ 22,807	\$ 19,307
Revenue from use of property	17,000	17,000	10,992	(6,008)
Total revenue from use of money and property	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 33,799</u>	<u>\$ 13,299</u>
Charges for services:				
Charges for courthouse maintenance	\$ -	\$ 1,445	\$ 2,960	\$ 1,515
Charges for credit card collections	6,000	6,000	7,096	1,096
Charges for ambulance	230,000	269,754	426,730	156,976
Charges for Commonwealth's Attorney	5,000	5,000	4,096	(904)
Charges for copies	5,950	9,398	9,626	228
Charges for sanitation and waste removal	275,000	275,000	289,439	14,439
Charges for parks and recreation	17,000	17,978	23,562	5,584
Charges for recycling	3,000	8,631	12,660	4,029
Charges for library	-	-	977	977
Charges for courthouse security fees	-	-	18,171	18,171
Total charges for services	<u>\$ 541,950</u>	<u>\$ 593,206</u>	<u>\$ 795,317</u>	<u>\$ 202,111</u>
Miscellaneous:				
Donations	\$ -	\$ 12,330	\$ 12,440	\$ 110
Miscellaneous	38,200	88,146	158,593	70,447
Total miscellaneous	<u>\$ 38,200</u>	<u>\$ 100,476</u>	<u>\$ 171,033</u>	<u>\$ 70,557</u>

County of Patrick, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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	\$ 244,176	\$ 647,969	\$ 694,893	\$ 46,924
Law enforcement	12,000	12,000	15,915	3,915
Other recovered costs	171,188	195,193	148,491	(46,702)
Charges for jail inmates	314,694	462,606	600,604	137,998
Total recovered costs	\$ 742,058	\$ 1,317,768	\$ 1,459,903	\$ 142,135
Total revenue from local sources	\$ 18,485,295	\$ 19,816,210	\$ 23,207,053	\$ 3,390,843
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 40,000	\$ 40,000	\$ 33,776	\$ (6,224)
Motor vehicle rental tax	2,500	2,500	3,010	510
State recordation tax	50,000	50,000	-	(50,000)
Personal property tax relief funds	688,659	688,659	688,659	-
Communications tax	400,000	400,000	349,199	(50,801)
Games of Skill	800.00	800.00	-	(800)
Motor vehicle carriers' tax	100	100	61	(39)
Total noncategorical aid	\$ 1,182,059	\$ 1,182,059	\$ 1,074,705	\$ (107,354)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 363,721	\$ 363,721	\$ 349,211	\$ (14,510)
Sheriff	2,364,701	2,510,028	2,307,675	(202,353)
Commissioner of revenue	115,071	115,071	102,124	(12,947)
Treasurer	121,913	121,913	119,681	(2,232)
Registrar/electoral board	73,398	73,398	63,745	(9,653)
Clerk of the circuit court	259,259	259,259	271,273	12,014
Total shared expenses	\$ 3,298,063	\$ 3,443,390	\$ 3,213,709	\$ (229,681)
Other categorical aid:				
Victim witness grant	\$ 20,246	\$ 20,246	\$ 20,700	\$ 454
State welfare funds	725,300	725,300	815,366	90,066
Children's services	650,000	650,000	522,716	(127,284)
E-911 wireless funds	55,000	67,751	73,818	6,067
Fire programs	55,000	55,000	69,139	14,139
Emergency service grant	22,862	22,862	51,921	29,059
Commission for the arts	4,500	4,500	4,500	-
Litter control grant	7,757	7,757	10,885	3,128
Justice assistance grant	-	32,556	19,827	(12,729)
Total other categorical aid	\$ 1,540,665	\$ 1,585,972	\$ 1,588,872	\$ 2,900
Total categorical aid	\$ 4,838,728	\$ 5,029,362	\$ 4,802,581	\$ (226,781)
Total revenue from the Commonwealth	\$ 6,020,787	\$ 6,211,421	\$ 5,877,286	\$ (334,135)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 22,000	\$ 22,000	\$ 23,106	\$ 1,106
Federal interest subsidy	70,000	70,000	78,624	8,624
Total noncategorical aid	\$ 92,000	\$ 92,000	\$ 101,730	\$ 9,730

County of Patrick, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
COVID-19 Coronavirus relief fund grants	\$ -	\$ -	\$ 594,166	\$ 594,166
Emergency management performance grant	7,500	8,180	8,506	326
Law enforcement block grants	-	-	160,288	160,288
Federal welfare funds	1,273,874	1,273,874	1,470,099	196,225
Violence against woment grant	40,000	40,000	60,000	20,000
Highway safety grants	20,000	20,000	13,291	(6,709)
Victim witness grant	49,754	49,754	48,298	(1,456)
CDBG	-	50,097	92,986	42,889
Total categorical aid	<u>\$ 1,391,128</u>	<u>\$ 1,441,905</u>	<u>\$ 2,447,634</u>	<u>\$ 1,005,729</u>
Total revenue from the federal government	<u>\$ 1,483,128</u>	<u>\$ 1,533,905</u>	<u>\$ 2,549,364</u>	<u>\$ 1,015,459</u>
Total General Fund	<u>\$ 25,989,210</u>	<u>\$ 27,561,536</u>	<u>\$ 31,633,703</u>	<u>\$ 4,072,167</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	\$ -	\$ -	\$ 347	\$ 347
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets	\$ -	\$ 5,000	\$ 12,269	\$ 7,269
Total Asset Forfeiture fund	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 12,616</u>	<u>\$ 7,616</u>
Total Primary Government	<u>\$ 25,989,210</u>	<u>\$ 27,566,536</u>	<u>\$ 31,646,319</u>	<u>\$ 4,079,783</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	\$ -	\$ -	\$ 734	\$ 734
Revenue from the use of property	1,250	1,250	110	(1,140)
Total revenue from use of money and property	<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>\$ 844</u>	<u>\$ (406)</u>
Charges for services:				
Cafeteria sales	\$ 132,452	\$ 132,452	\$ 91,721	\$ (40,731)
Transportation of pupils	42,056	42,056	1,587	(40,469)
Total charges for services	<u>\$ 174,508</u>	<u>\$ 174,508</u>	<u>\$ 93,308</u>	<u>\$ (81,200)</u>
Miscellaneous:				
Other miscellaneous	\$ 316,500	\$ 316,500	\$ 653,984	\$ 337,484
Recovered costs:				
Other recovered costs	\$ 125,000	\$ 125,000	\$ 101,310	\$ (23,690)
Total revenue from local sources	<u>\$ 617,258</u>	<u>\$ 617,258</u>	<u>\$ 849,446</u>	<u>\$ 232,188</u>

County of Patrick, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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	\$ 5,279,325	\$ 6,848,916	\$ 6,283,931	\$ (564,985)
Revenues from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,489,637	\$ 2,489,637	\$ 3,338,936	\$ 849,299
Basic school aid	10,410,032	10,410,032	9,752,569	(657,463)
Regular foster care	8,896	8,896	9,793	897
GED Prep	8,386	8,386	8,233	(153)
Gifted and talented	96,959	96,959	95,726	(1,233)
Remedial education	336,613	336,613	332,331	(4,282)
Textbook payment	196,608	196,608	194,106	(2,502)
Vocational standards of quality payments	219,530	219,530	216,738	(2,792)
Fringe benefits-Social security	598,220	598,220	590,610	(7,610)
Fringe benefits-Retirement	1,395,847	1,395,847	1,378,090	(17,757)
Fringe benefits-Life insurance	42,077	42,077	41,541	(536)
State lottery payments	679,674	679,674	734,025	54,351
School food	-	-	3,334	3,334
Early reading intervention	69,729	69,729	182,369	112,640
Homebound education	13,310	13,310	751	(12,559)
Vocational education - equipment	-	-	4,516	4,516
Vocational occupational preparedness	40,895	40,895	35,789	(5,106)
Special education	1,467,306	1,467,306	1,396,151	(71,155)
At risk payments	921,095	921,095	909,049	(12,046)
Primary class size	297,374	297,374	480,364	182,990
At risk four year olds	415,795	415,795	404,245	(11,550)
Mentor teacher program	1,126	1,126	792	(334)
English as a second language	56,300	56,300	50,886	(5,414)
Standards of Learning algebra readiness	43,346	43,346	43,455	109
No Loss PPA	406,781	406,781	-	(406,781)
Other state funds	20,999	164,921	70,010	(94,911)
VPSA technology grant	232,000	232,000	232,317	317
Breakfast after the bell	-	-	5,349	5,349
Remedial summer education	-	-	115,533	115,533
Supplemental support for schools	452,531	452,531	649,794	197,263
Total categorical aid	<u>\$ 20,921,066</u>	<u>\$ 21,064,988</u>	<u>\$ 21,277,402</u>	<u>\$ 212,414</u>

County of Patrick, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ 50,892	\$ 50,892	\$ 54,465	\$ 3,573
Title I	669,190	669,190	671,087	1,897
Title VI-B, special education flow-through	553,851	553,851	651,829	97,978
Title VI-B, special education preschool	13,845	13,845	24,617	10,772
Vocational education	47,889	47,889	54,429	6,540
Title II, part A	87,053	87,053	98,984	11,931
Title III - Limited English proficient	5,079	5,079	5,670	591
Rural school program	52,392	52,392	61,047	8,655
School breakfast program	377,509	377,509	533,468	155,959
School lunch program	656,204	656,204	1,373,513	717,309
Summer feeding program	-	-	16,834	16,834
SNP Equip	-	-	5,851	5,851
Homeland security grant	-	-	3,846	3,846
ESSER	-	8,650,584	3,898,389	(4,752,195)
Title IV, part A	56,384	56,384	54,321	(2,063)
COVID-19 ECF grant	-	-	111,600	111,600
Total categorical aid	<u>\$ 2,570,288</u>	<u>\$ 11,220,872</u>	<u>\$ 7,619,950</u>	<u>\$ (3,600,922)</u>
 Total revenue from the federal government	 <u>\$ 2,570,288</u>	 <u>\$ 11,220,872</u>	 <u>\$ 7,619,950</u>	 <u>\$ (3,600,922)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 29,387,937</u>	 <u>\$ 39,752,034</u>	 <u>\$ 36,030,729</u>	 <u>\$ (3,721,305)</u>

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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	\$ 53,520	\$ 52,084	\$ 45,811	\$ 6,273
General and financial administration:				
County administrator	\$ 347,801	\$ 410,754	\$ 376,781	\$ 33,973
Finance	174,449	179,536	174,571	4,965
Legal services	42,000	50,805	56,489	(5,684)
Audit services	52,925	52,800	52,925	(125)
Commissioner of revenue	319,312	325,573	267,320	58,253
DMV agent office	62,913	66,668	63,874	2,794
Treasurer	386,591	391,470	360,058	31,412
Tax mapping	68,150	71,350	69,924	1,426
Total general and financial administration	<u>\$ 1,454,141</u>	<u>\$ 1,548,956</u>	<u>\$ 1,421,942</u>	<u>\$ 127,014</u>
Board of elections:				
Electoral board and officials	\$ 87,860	\$ 87,020	\$ 47,700	\$ 39,320
Registrar	155,468	158,102	145,992	12,110
Total board of elections	<u>\$ 243,328</u>	<u>\$ 245,122</u>	<u>\$ 193,692</u>	<u>\$ 51,430</u>
Total general government administration	<u>\$ 1,750,989</u>	<u>\$ 1,846,162</u>	<u>\$ 1,661,445</u>	<u>\$ 184,717</u>
Judicial administration:				
Courts:				
Circuit court	\$ 61,284	\$ 62,788	\$ 60,190	\$ 2,598
General district court	27,200	27,200	7,719	19,481
Special magistrates	2,570	3,424	3,357	67
Juvenile and domestic relations court	7,000	6,846	5,525	1,321
Clerk of the circuit court	428,637	439,715	405,959	33,756
Juvenile and domestic relations court services	22,330	22,577	8,257	14,320
Victim witness program	68,000	71,650	70,973	677
Courtroom security	214,033	167,187	142,800	24,387
Total courts	<u>\$ 831,054</u>	<u>\$ 801,387</u>	<u>\$ 704,780</u>	<u>\$ 96,607</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 591,332	\$ 611,753	\$ 542,920	\$ 68,833
Total judicial administration	<u>\$ 1,422,386</u>	<u>\$ 1,413,140</u>	<u>\$ 1,247,700</u>	<u>\$ 165,440</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,717,517	\$ 3,176,660	\$ 3,237,903	\$ (61,243)
Sheriff-school resource officer	481,975	507,638	482,726	24,912
Total law enforcement and traffic control	<u>\$ 3,199,492</u>	<u>\$ 3,684,298</u>	<u>\$ 3,720,629</u>	<u>\$ (36,331)</u>
Fire and rescue services:				
E-911 department	\$ 647,707	\$ 713,540	\$ 531,936	\$ 181,604
Volunteer fire departments	440,573	539,468	334,245	205,223
Volunteer emergency operations	782,345	1,069,347	982,626	86,721
Total fire and rescue services	<u>\$ 1,870,625</u>	<u>\$ 2,322,355</u>	<u>\$ 1,848,807</u>	<u>\$ 473,548</u>
Correction and detention:				
Sheriff-correction and detention	\$ 2,016,040	\$ 2,101,848	\$ 2,137,765	\$ (35,917)
Juvenile detention	16,957	16,957	16,957	-
Total correction and detention	<u>\$ 2,032,997</u>	<u>\$ 2,118,805</u>	<u>\$ 2,154,722</u>	<u>\$ (35,917)</u>

County of Patrick, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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	\$ 157,144	\$ 157,705	\$ 150,968	\$ 6,737
Other protection:				
Animal control	\$ 139,819	\$ 162,218	\$ 160,961	\$ 1,257
Erosion and soil	72,845	74,122	73,615	507
Medical examiner	500	540	560	(20)
Storm water management	1,512	1,512	-	1,512
Emergency services	195,972	248,004	217,411	30,593
Total other protection	\$ 410,648	\$ 486,396	\$ 452,547	\$ 33,849
Total public safety	\$ 7,670,906	\$ 8,769,559	\$ 8,327,673	\$ 441,886
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 730,912	\$ 779,936	\$ 765,863	\$ 14,073
Maintenance of general buildings and grounds:				
General properties	\$ 893,008	\$ 907,368	\$ 884,694	\$ 22,674
Total public works	\$ 1,623,920	\$ 1,687,304	\$ 1,650,557	\$ 36,747
Health and welfare:				
Health:				
Supplement of local health department	\$ 110,378	\$ 149,515	\$ 149,515	\$ -
Behavioral health and development services:				
Contribution to local community services board	\$ 71,179	\$ 71,179	\$ 71,179	\$ -
Behavioral health	35,000	34,852	29,018	5,834
Total behavioral health and development services	\$ 106,179	\$ 106,031	\$ 100,197	\$ 5,834
Welfare:				
Public assistance	\$ 2,463,416	\$ 2,842,353	\$ 2,794,976	\$ 47,377
Children's Services Act (CSA)	1,000,000	737,985	720,448	17,537
Contribution to area on aging	2,252	2,252	2,252	-
Total welfare	\$ 3,465,668	\$ 3,582,590	\$ 3,517,676	\$ 64,914
Total health and welfare	\$ 3,682,225	\$ 3,838,136	\$ 3,767,388	\$ 70,748
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 5,279,325	\$ 6,264,812	\$ 6,283,931	\$ (19,119)
Contributions to Community College	17,000	17,000	17,000	-
Total education	\$ 5,296,325	\$ 6,281,812	\$ 6,300,931	\$ (19,119)
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 262,048	\$ 303,541	\$ 276,953	\$ 26,588
Library:				
Contribution to regional library	\$ 280,782	\$ 280,782	\$ 280,782	\$ -
Total parks, recreation, and cultural	\$ 542,830	\$ 584,323	\$ 557,735	\$ 26,588

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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	\$ 109,421	\$ 162,526	\$ 190,686	\$ (28,160)
Economic development	81,546	113,182	111,909	1,273
Tourism	422,771	543,587	570,459	(26,872)
Total planning and community development	<u>\$ 613,738</u>	<u>\$ 819,295</u>	<u>\$ 873,054</u>	<u>\$ (53,759)</u>
Environmental management:				
Soil and water district	\$ 127,263	\$ 127,263	\$ 134,212	\$ (6,949)
Cooperative extension program:				
Extension office	\$ 121,204	\$ 124,204	\$ 109,729	\$ 14,475
Total community development	<u>\$ 862,205</u>	<u>\$ 1,070,762</u>	<u>\$ 1,116,995</u>	<u>\$ (46,233)</u>
Nondepartmental:				
Surety bonds	\$ -	\$ -	\$ 21,000	\$ (21,000)
Accrued leave payments	60,000	1,280	-	1,280
Other contingencies	188,756	45,453	-	45,453
Total nondepartmental	<u>\$ 248,756</u>	<u>\$ 46,733</u>	<u>\$ 21,000</u>	<u>\$ 25,733</u>
Capital projects:				
Other capital projects	\$ 150,247	\$ 93,736	\$ 35,438	\$ 58,298
Total capital projects	<u>\$ 150,247</u>	<u>\$ 93,736</u>	<u>\$ 35,438</u>	<u>\$ 58,298</u>
Debt service:				
Principal retirement	\$ 1,486,987	\$ 1,486,987	\$ 1,486,987	\$ -
Interest and other fiscal charges	1,215,704	1,215,704	1,347,273	(131,569)
Total debt service	<u>\$ 2,702,691</u>	<u>\$ 2,702,691</u>	<u>\$ 2,834,260</u>	<u>\$ (131,569)</u>
Total General Fund	<u>\$ 25,953,480</u>	<u>\$ 28,334,358</u>	<u>\$ 27,521,122</u>	<u>\$ 813,236</u>
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 2,828	\$ 2,828	\$ -
Total Asset Forfeiture fund	<u>\$ -</u>	<u>\$ 2,828</u>	<u>\$ 2,828</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 25,953,480</u>	<u>\$ 28,337,186</u>	<u>\$ 27,523,950</u>	<u>\$ 813,236</u>

County of Patrick, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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	\$ 1,250,249	\$ 1,632,263	\$ 1,317,218	\$ 315,045
Instruction costs:				
Instructional costs	\$ 19,836,441	\$ 28,579,759	\$ 24,197,587	\$ 4,382,172
Technology	1,814,655	2,045,350	2,214,200	(168,850)
Total instruction costs	<u>\$ 21,651,096</u>	<u>\$ 30,625,109</u>	<u>\$ 26,411,787</u>	<u>\$ 4,213,322</u>
Operating costs:				
Pupil transportation	\$ 2,151,480	\$ 2,151,480	\$ 2,730,459	\$ (578,979)
Operation and maintenance of school plant	2,285,983	2,771,470	2,585,335	186,135
Food service and non-instructional	1,261,864	1,261,864	1,546,757	(284,893)
Facilities	787,265	1,309,848	1,050,950	258,898
Total operating costs	<u>\$ 6,486,592</u>	<u>\$ 7,494,662</u>	<u>\$ 7,913,501</u>	<u>\$ (418,839)</u>
Total education	<u>\$ 29,387,937</u>	<u>\$ 39,752,034</u>	<u>\$ 35,642,506</u>	<u>\$ 4,109,528</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 19,119	\$ (19,119)
Interest and other fiscal charges	-	-	1,059	(1,059)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,178</u>	<u>\$ (20,178)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 29,387,937</u>	<u>\$ 39,752,034</u>	<u>\$ 35,662,684</u>	<u>\$ 4,089,350</u>

Other Statistical Information

Table 1

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

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

Table 2

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

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

(1) Miscellaneous includes a gain on disposal of asset of \$1,439,110 in fiscal year 2014.

Table 3

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects	Debt Service	Total
	Administration	Government											
2021-22	\$ 1,661,445	\$ 1,247,700	\$ 8,330,501	\$ 1,650,557	\$ 3,767,388	\$ 36,664,949	\$ 557,735	\$ 1,116,995	\$ 21,000	\$ 35,438	\$ 2,854,438	\$ 57,908,146	
2020-21	1,672,637	1,269,756	8,554,950	1,951,110	3,214,619	29,379,915	535,378	1,348,752	264,006	79,948	2,816,673	51,087,744	
2019-20	1,722,099	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	

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

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

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

Fiscal Year	General Property Taxes	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
2021-22	\$ 15,282,528	\$ 5,323,716	\$ 112,163	\$ 28,594	\$ 34,990	\$ 888,625	\$ 1,510,796	\$ 1,561,213	\$ 37,336,271	\$ 62,078,896
2020-21	14,651,305	3,577,053	88,880	37,064	26,431	589,039	1,164,993	1,338,969	34,112,674	55,586,408
2019-20	14,542,405	2,785,240	72,788	20,401	49,985	688,483	564,360	1,144,119	28,852,377	48,720,158
2018-19	13,685,589	2,630,959	68,349	28,190	55,639	891,321	675,954	952,745	28,281,222	47,269,968
2017-18	12,358,878	2,580,028	80,507	20,530	47,105	754,450	651,297	1,056,966	27,586,403	45,136,164
2016-17	12,298,113	2,540,893	64,790	27,388	47,643	733,652	758,108	1,035,402	27,802,489	45,308,478
2015-16	11,995,394	2,495,653	54,022	24,692	40,740	742,466	383,219	856,738	27,112,367	43,705,291
2014-15	11,501,012	2,397,795	66,183	17,507	28,718	1,117,325	267,955	1,254,924	26,466,051	43,117,470
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)
							Percent of Delinquent Taxes to Tax Levy
2021-22	\$ 15,086,103	\$ 14,399,756	95.45%	\$ 628,326	\$ 15,028,082	\$ 1,048,037	6.95%
2020-21	14,322,856	13,705,229	95.69%	668,817	14,374,046	1,051,565	7.34%
2019-20	14,179,998	13,611,223	95.99%	691,110	14,302,333	1,164,593	8.21%
2018-19	13,358,254	12,869,209	96.34%	565,543	13,434,752	1,126,781	8.44%
2017-18	12,150,109	11,614,909	95.60%	516,022	12,130,931	1,074,666	8.84%
2016-17	12,058,405	11,605,386	96.24%	468,689	12,074,075	1,057,435	8.77%
2015-16	11,742,587	11,293,278	96.17%	488,812	11,782,090	1,011,140	8.61%
2014-15	11,308,370	11,052,086	97.73%	260,125	11,312,211	1,066,079	9.43%
2013-14	11,213,531	10,885,053	97.07%	301,174	11,186,227	1,034,713	9.23%
2012-13	11,034,952	10,805,696	97.92%	304,939	11,110,635	1,166,071	10.57%

(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
2021-22	\$ 1,607,962,200	\$ 200,813,112	\$ 37,099,657	\$ 80,534,559	\$ 1,926,409,528
2020-21	1,595,935,950	187,775,181	38,629,724	81,559,947	1,903,900,802
2019-20	1,585,562,750	184,787,026	40,593,034	72,310,995	1,883,253,805
2018-19	1,577,743,350	180,371,173	40,999,490	110,107,807	1,909,221,820
2017-18	1,569,230,400	178,595,077	37,324,141	76,804,155	1,861,953,773
2016-17	1,563,661,350	173,386,314	38,492,368	78,496,926	1,854,036,958
2015-16	1,560,070,500	167,955,144	38,455,812	81,109,560	1,847,591,016
2014-15	1,655,322,650	166,685,416	34,927,504	75,872,248	1,932,807,818
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

(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
2021-22	\$ 0.68/0.73	\$ 1.71	\$ 1.71	\$ 0.68
2020-21	0.68	1.71	1.71	0.68
2019-20	0.68	1.71	1.71	0.68
2018-19	0.57/0.68	1.71	1.71	0.57
2017-18	0.57	1.71	1.71	0.57
2016-17	0.57	1.71	1.71	0.57
2015-16	0.55/0.57	1.71	1.71	0.55
2014-15	0.48/0.55	1.71	1.71	0.48
2013-14	0.48	1.71	1.71	0.48
2012-13	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
2021-22	17,608	\$ 1,926,410	\$ 31,120,937	\$ 31,120,937	1.62%	\$ 1,767
2020-21	17,608	1,903,901	32,480,773	\$ 32,480,773	1.71%	1,845
2019-20	18,490	1,883,254	33,713,220	33,713,220	1.79%	1,823
2018-19	18,490	1,909,222	34,572,103	34,572,103	1.81%	1,870
2017-18	18,490	1,861,954	33,500,213	33,500,213	1.80%	1,812
2016-17	18,490	1,854,037	34,214,440	34,214,440	1.85%	1,850
2015-16	18,490	1,847,591	33,993,424	33,993,424	1.84%	1,838
2014-15	18,490	1,932,808	31,959,054	31,959,054	1.65%	1,728
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

(1) Bureau of the Census.

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

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

Table 9

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

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

(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, 2022, 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 December 7, 2022. Our report includes a reference to other auditors who audited the financial statements of the Patrick County School Activity Fund, as described in our report on the County of Patrick, Virginia's financial statements. This report does not include results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Patrick, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia
December 7, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Patrick, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Patrick, Virginia's major federal programs for the year ended June 30, 2022. The County of Patrick, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Patrick, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

Robinson, James, Cox Associates

Blacksburg, Virginia
December 7, 2022

County of Patrick, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2022

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400121, 0400122	\$ 169,956
Child Care and Development Fund Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121, 0760122	37,765
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120, 0950121	18,875
Refugee and Entrant Assistance - State/Replacement Designee Administered Program:	93.566	0500122	841
Low-Income Home Energy Assistance	93.568	0600421, 0600422	30,049
COVID-19 Elder Abuse Prevention Interventions Program	93.747	8000221, 8000321	7,982
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	390
Foster Care - Title IV-E	93.658	1100121, 1100122	292,285
Adoption Assistance	93.659	1120121, 1120122	197,054
Title IV-E Prevention Program	93.472	1140122	2,516
Social Services Block Grant	93.667	1000121, 1000122	169,790
Guardianship Assistance	93.090	1110122	11,189
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121	1,586
Children's Health Insurance Program	93.767	0540121, 0540122	1,874
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121, 1200122	181,121
Total Department of Health and Human Services			<u>\$ 1,123,273</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Education:			
School Breakfast Program	10.553	APE40253	\$ 533,468
Summer Food Service Program for Children	10.559	APE60302	16,834
COVID-19 National School Lunch Program	10.555	APE40264	\$ 68,546
National School Lunch Program	10.555	APE40254	1,171,745
Department of Agriculture:			
Food Distribution (Note 3)	10.555	Not available	126,237 1,366,528
Total Child Nutrition Cluster			\$ 1,916,830
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE86804	5,851
Child And Adult Care Food Program	10.558	APE70027	3,922
Pandemic EBT Administrative Costs	10.649	DOE86556	3,063
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121, 0010122 0040121, 0040122	346,826
Total Department of Agriculture			<u>\$ 2,276,492</u>
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4512-DR-VA	\$ 3,846
Emergency Management Performance Grant	98.042	EMP-2020-EP-00005	7,500
Total Department of Homeland Security			<u>\$ 11,346</u>
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,006
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	19V2GX0054	\$ 48,298
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20JJBX0082	14,961
Violence Against Women Formula Grants	16.588	20WFAX0011	60,000
Total Department of Justice			<u>\$ 124,265</u>
Department of Treasury:			
Direct payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	\$ 551,626
Pass Through Payments:			
Virginia Compensation Board:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	2205FFARPA	145,327 \$ 696,953
Virginia Department of Accounts:			
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 42,540
Total Department of Treasury			<u>\$ 739,493</u>

County of Patrick, Virginia
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2022

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Communications Commission:			
Direct payments:			
COVID-19 Emergency Connectivity Fund	32.009	N/A	\$ 111,600
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FOP-2022-52088-22088	\$ 9,457
Alcohol Open Container Requirements	20.607	154AL-2022-52086-22086	3,834
Total Department of Transportation			<u>\$ 13,291</u>
Department of Education:			
Pass Through Payments:			
Franklin County, Virginia School Board:			
Adult Education - Basic Grants to States	84.002	APE42801	\$ 54,465
Virginia Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	APE43071	\$ 651,829
Special Education - Preschool Grants	84.173	APE62521	24,617
Total Special Education Cluster			<u>676,446</u>
Title I: Grants to Local Educational Agencies	84.010	APE42901	671,087
Career and Technical Education-Basic Grants to States	84.048	APE61095	54,429
English Language Acquisition State Grants	84.365	APE60512	5,670
Rural Education	84.358	APE43481	61,047
Supporting Effective Instruction State Grant	84.367	APE61480	98,984
Student Support and Academic Enrichment	84.424	APE60019	54,321
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE60177/60041/60042/60172	3,898,389
Total Department of Education			<u>\$ 5,574,838</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grant	14.228	HCD50790	\$ 92,986
Total Expenditures of Federal Awards			<u>\$ 10,067,584</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, 2022. 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, 2022, the School Board had \$63,981 in food commodities inventory.

Note 4 -- Subrecipients:

The County did not have any subrecipients during fiscal year 2022.

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	\$ 2,549,364
Less: Payment in lieu of taxes	(23,106)
Less: Interest subsidy	(78,624)
Total primary government	<u>\$ 2,447,634</u>
Component Unit School Board:	
School Operating Fund	\$ 7,619,950
Total component unit school board	<u>\$ 7,619,950</u>
Total federal expenditures per basic financial statements	<u>\$ 10,067,584</u>

County of Patrick, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

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:

Assistance Listing #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
84.425	COVID-19 Education Stabilization Fund

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings to report.

County of Patrick, Virginia
Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

There were no prior year findings.