COUNTY OF PATRICK, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

COUNTY OF PATRICK, VIRGINIA

BOARD OF SUPERVISORS

Crystal P. Harris, Chair

Clyde DeLoach, Vice-chair	Denise Stirewalt
Jane Fulk	C. Clayton Kendrick Jr.

COUNTY SCHOOL BOARD

Brandon J. Simmons, Chair

Walter L. Scott, Vice-chair	Amy Walker
Shannon Harrell	Ryan S. Lawson

SOCIAL SERVICES BOARD

Judy Biedrycki, Chair

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

OTHER OFFICIALS

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit School Board's School Activity Fund, which represents 2.49 percent and 1.40 percent, respectively, of the assets and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for School Activity Fund is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditors' Responsibility (continued)

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 26 to the financial statements, in 2021, the County of Patrick, Virginia adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 26 to the financial statements, in 2021, the County of Patrick, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 84 and to correct an error related to prior year accrued wages. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to pension and OPEB funding on pages 5-14, 101, and 102-121, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the County of Patrick, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Patrick, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Patrick, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 13, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $12,213,252 (net position). Of this amount, $5,957,860 was considered unrestricted.

- The assets and deferred outflows of resources of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $4,054,845 (net position). Of this amount, $123,570 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 ($15,343,207) (net position).

- The assets of the EDA component unit exceeded its liabilities at the close of the fiscal year by $3,147,015 (net position). Of this amount, $1,567,281 was considered unrestricted.

- As of the close of the current fiscal year, the County reported combined ending fund balances of $11,199,473. This is $3,844,189 more than the prior fiscal year total fund balances. Of the current fiscal year fund balances, $9,896,194 was considered unassigned, $35,630 was considered nonspendable prepaid items, $401,785 was considered restricted, and $865,864 was considered assigned to specific funds.

  When compared to the prior fiscal year, unassigned balances increased by $3,484,476, nonspendable prepaid items decreased by $9,754, and assigned fund balances increased by $108,379. The increase in unassigned fund balances was due, in part, to the Board of Supervisors adoption on April 1, 2020, of a 4% Food & Beverage tax. Also contributing were increase in collections of sales and use, real estate and personal property taxes.

  A comparison of restricted fund balance from the current to the prior fiscal year shows an increase of $135,003. This is mainly attributable to additional Transient Occupancy Tax funds received throughout the fiscal year.

  As of June 30, 2021, there is a liability for unearned revenue of $1,752,614 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 specific to the COVID-19 pandemic. Of the balance, $1,710,074 is from the State and Local Fiscal Recovery Fund program and $42,540 is from the Coronavirus Relief Fund.

- During the year, the County's governmental fund revenues exceeded expenditures by $4,155,100. This is a significant improvement over fiscal year 2020 where revenues exceeded expenditures by $2,214,762. Fiscal 2021 revenues saw a marked increase in local tax revenue. Included in this increase are collections for a full fiscal year of the Food & Beverage tax, that was effective April 1, 2020, as well as a 53% increase in transient occupancy room taxes.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other information (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the of the County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows by $16,268,097 at the close of the most recent fiscal year.

The largest portion of the County's net position, $9,784,882, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and construction in progress), less any outstanding debt related to the acquisition of those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted portions of the County's net position are as follows: $1,109 for Fred Clifton Park, $218,291 for Asset Forfeiture, and $182,385 for Transient Occupancy. The remaining balance of Net Position, $6,081,430 is unrestricted and may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position for 2021 and 2020.

	Governmental and Business-type Activities			
	2021		2020	
Current assets	$	19,994,824	$	15,655,274
Capital assets		42,053,522		43,258,530
Total assets	$	62,048,346	$	58,913,804
Deferred outflows of resources	$	4,721,489	$	4,524,758
Current liabilities	$	3,072,534	$	3,027,963
Long-term liabilities		41,932,513		42,110,731
Total liabilities	$	45,005,047	$	45,138,694
Deferred inflows of resources	$	5,496,691	$	5,678,711
Net position				
Net investment in capital assets	$	9,784,882	$	9,614,724
Restricted		401,785		266,782
Unrestricted		6,081,430		2,739,651
Total net position	$	16,268,097	$	12,621,157

Government-wide Financial Analysis (Continued)

Fiscal year 2021 brought the county its first increase in total net position since fiscal year 2012, and its first surplus change in net position since 2016. Contributing to these increases was the debt restructuring in 2019 and in the implementation of a balanced budget.

The following table summarizes the County's Statement of Activities for 2021 and 2020.

Statement of Activities:	Governmental and Business-type Activities	
	2021	2020
Program revenues		
Charges for services	$ 785,290	$ 764,901
Operating grants and contributions	8,837,980	5,839,458
Capital grants and contributions	-	17,652
General revenues		
Property taxes	14,603,190	14,532,637
Other taxes	3,577,053	2,785,240
Revenue from use of money and property	26,172	48,189
Miscellaneous	317,355	198,114
Grants and contributions not restricted to specific programs	1,201,825	1,266,399
Total revenues	$ 29,348,865	$ 25,452,590
Expenses		
General government	$ 1,327,133	$ 1,490,444
Judicial administration	1,336,335	1,417,122
Public safety	8,416,494	8,658,995
PSA	210,758	200,077
Public works	2,102,031	1,746,158
Health and welfare	3,333,505	3,266,628
Education	5,387,904	7,069,946
Parks, recreation and cultural	625,388	576,254
Community development	1,391,317	962,521
Non-departmental	264,006	-
Interest on long-term debt	1,180,969	1,540,816
Total expenses	$ 25,575,840	$ 26,928,961
Change in net position	$ 3,773,025	$ (1,476,371)

Financial Analysis of the County's Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $11,199,473. Approximately .31% of this total amount, $35,630 constitutes nonspendable amounts for prepaid items, 3.59% of the total amount, $401,785, constitutes restricted fund balance, and 7.74% of the total amount, $865,864, constitutes assigned fund balance. Both restricted and assigned fund balances are not available for current spending as these have been restricted by or assigned to external parties such as grantors, laws or legislation. The remaining balance, $9,896,194, or 88.36%, 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 $10,981,182. Of this amount, $9,896,194 was considered unassigned.

Total governmental fund revenues for fiscal year ended June 30, 2021, increased $4,005,195 and expenditures increased $2,108,181 over prior fiscal year amounts. The most significant increases in revenue from the prior fiscal year to the current is due to the collections of a full fiscal year of the meals and beverage tax that was adopted April 1, 2020, and a 53% increase in transient occupancy tax collections. Other revenues showing increases greater than $100,000 were general property taxes ($108,900), sales and use taxes ($246,735), miscellaneous ($119,241), recovered costs ($103,534), and Federal government revenues ($2,942,299). Federal government revenues include the CARES Act Funding. Miscellaneous revenues include ambulance service collections and waste collection fees.

The increase in County expenditures from the prior fiscal year to the current was due to the expenditures under the CARES Act Funding.

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

The following table summarizes the County's governmental funds revenues for 2021 and 2020.

Revenues:	Governmental Funds	
	2021	2020
General Fund:		
From local sources:		
General property taxes	$ 14,651,305	$ 14,542,405
Other local taxes	3,577,053	2,785,240
Permits, fees & licenses	88,880	72,788
Court fines & forfeitures	37,064	20,401
Use of money & property	25,930	48,189
Charges for services	538,435	558,090
Miscellaneous	317,355	198,114
Recovered costs	1,022,770	919,236
Total revenue from local sources	20,258,792	19,144,463
From the Commonwealth:		
Noncategorical aid	1,101,024	1,162,791
Shared expenses	3,041,735	2,995,637
State welfare funds	635,471	493,269
Children's services	380,435	518,491
Grants	356,966	396,876
Total from the Commonwealth	5,515,631	5,567,064
From the Federal Government:		
Noncategorical aid	100,801	103,608
Federal welfare funds	1,244,241	1,055,447
Children's services	-	4,660
Grants	3,136,050	375,078
Total from the Federal Gov't	4,481,092	1,538,793
Total governmental fund revenues	$ 30,255,515	$ 26,250,320

The following table summarizes the County's governmental funds expenditures for 2021 and 2020.

Expenditures:	Governmental Funds	
	2021	2020
General Fund:		
Board of supervisors	$ 60,941	$ 65,062
General & financial administration	1,422,326	1,522,543
Board of elections	189,370	134,494
Courts	781,002	742,826
Commonwealth Attorney	488,754	506,236
Law enforcement & traffic control	3,763,652	3,201,918
Fire & rescue services	1,988,876	1,997,866
Correction & detention	1,932,036	2,059,472
Building inspections	146,931	136,233
Other public safety	719,529	399,883
Sanitation & waste removal	756,133	701,117
Maintenance of buildings and grounds	1,194,977	818,041
Health & welfare	3,214,619	2,988,596
Education	4,550,396	4,767,759
Parks, recreation & cultural	535,378	508,802
Community development	1,348,752	872,151
Accrued leave balances	264,006	-
Capital projects	79,948	140,619
Debt service	2,702,187	2,406,694
Asset Forfeiture Fund	3,926	65,246
Total Expenditures	$ 26,143,739	$ 24,035,558

For the fiscal year ended June 30, 2021, revenues exceeded expenditures by $4,111,776, as compared to the fiscal year ended June 30, 2020, in which revenues exceeded expenses by $2,214,762. The increase in revenue is mainly attributable to the addition of the food and beverage taxes, and an increase in transient occupancy taxes.

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. Exhibit 12 provides detail of the variances.

Capital Assets and Debt Administration

Capital Assets – The County's investment in capital assets for its governmental funds as of June 30, 2021 amounts to $38,122,247 (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 $3,931,275 (net of accumulated depreciation). Capital asset activity for the school board component as of June 30, 2021, amounts to $10,499,390 (net of accumulated depreciation).

Additional information on the County of Patrick's capital assets can be found in Note 18 of this report.

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

Governmental Activities:	
General Obligation Bonds	$ 21,057,773
Lease Revenue Bonds	10,778,000
Bond Premiums	1,549,346
Literary Loans	645,000
Capital Leases	70,464
Compensated Absences	758,509
Net Pension Liability	6,041,253
Net OPEB Liabilities	1,032,168
Total	$ 41,932,513

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

Capital Leases – The County has entered into lease agreements to finance the acquisition of E-911 software. The asset value of the lease is $91,314 (net of accumulated depreciation). The present value of the lease agreements is $70,464 as of June 30, 2021. Note 7 provides additional details of the future minimum lease obligation.

Long-Term Obligations – Component Unit-School Board

Capital leases	$ 111,727
Compensated absences	472,001
Net pension liability	22,147,866
Net OPEB liabilities	6,491,750
Total	$ 29,223,344

In fiscal year 2019, the School Board issued a lease-purchase agreement for computers and related equipment. The amount of the lease is $327,168 with an interest rate of 2.442%, payable in three annual principal and interest payments. The present value of the lease agreement is $111,727.

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

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

Economic Factors

The June 2021 unemployment rate for the County of Patrick, Virginia was 5.3%, which is a decrease from the rate of 7.3% in June 2020.

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, 2021

	Primary Government Governmental Activities	Primary Government Business-type Activities	Primary Government Total	Component Unit School Board	Component Unit EDA
ASSETS					
Cash and cash equivalents	$ 4,163,155	$ 133,053	$ 4,296,208	$ 1,105,842	$ 544,094
Cash in custody of others	21,126	-	21,126	440,776	-
Investments	7,730,125	-	7,730,125	700,053	40,119
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,760,566	-	4,760,566	-	-
Other local taxes	223,056	-	223,056	-	-
Accounts receivable	155,600	19,650	175,250	142,627	-
Due from component units	1,686,425	-	1,686,425	-	-
Due from other governmental units	1,066,438	-	1,066,438	1,239,508	-
Inventories	-	-	-	63,981	-
Prepaid items	35,630	-	35,630	545,171	6,268
Inventory: Industrial sites held for resale	-	-	-	-	976,800
Capital assets (net of accumulated depreciation):					
Land	1,197,264	-	1,197,264	561,748	104,605
Buildings and improvements	35,679,496	-	35,679,496	6,939,171	1,472,076
Furnitures and fixtures	-	-	-	-	3,053
Machinery and equipment	1,163,817	-	1,163,817	2,814,399	-
Infrastructure	-	3,931,275	3,931,275	-	-
Construction in progress	81,670	-	81,670	184,072	-
Total assets	$ 57,964,368	$ 4,083,978	$ 62,048,346	$ 14,737,348	$ 3,147,015
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	$ 1,831,943	$ -	$ 1,831,943	$ -	$ -
Pension related items	2,580,853	-	2,580,853	5,520,744	-
OPEB related items	308,693	-	308,693	1,101,608	-
Total deferred outflows of resources	$ 4,721,489	$ -	$ 4,721,489	$ 6,622,352	$ -
LIABILITIES					
Accounts payable	$ 353,152	$ 8,208	$ 361,360	$ 236,869	$ -
Accrued wages	69,061	-	69,061	1,105,404	-
Estimate of incurred but not reported health claims	347,807	-	347,807	-	-
Accrued interest payable	520,767	-	520,767	3,634	-
Due to primary government	-	-	-	1,686,425	-
Customer deposits	-	20,925	20,925	-	-
Unearned revenue	1,752,614	-	1,752,614	-	-
Long-term liabilities:					
Due within one year	2,165,124	-	2,165,124	465,728	-
Due in more than one year	39,767,389	-	39,767,389	28,757,616	-
Total liabilities	$ 44,975,914	$ 29,133	$ 45,005,047	$ 32,255,676	$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	$ 5,402,021	$ -	$ 5,402,021	$ -	$ -
Pension related items	4,324	-	4,324	3,125,208	-
OPEB related items	90,346	-	90,346	1,322,023	-
Total deferred inflows of resources	$ 5,496,691	$ -	$ 5,496,691	$ 4,447,231	$ -
NET POSITION					
Net investment in capital assets	$ 5,853,607	$ 3,931,275	$ 9,784,882	$ 10,387,663	$ 1,579,734
Restricted					
Fred Clifton Park	1,109	-	1,109	-	-
Asset Forfeiture	218,291	-	218,291	-	-
Transient Occupancy	182,385	-	182,385	-	-
School cafeteria	-	-	-	764,472	-
Unrestricted	5,957,860	123,570	6,081,430	(26,495,342)	1,567,281
Total net position	$ 12,213,252	$ 4,054,845	$ 16,268,097	$ (15,343,207)	$ 3,147,015

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

Exhibit 2

County of Patrick, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 1,327,133	$ 16,383	$ 266,844	$ -	$ (1,043,906)	$ -	$ (1,043,906)	$ -	$ -
Judicial administration	1,336,335	63,516	610,163	-	(662,656)	-	(662,656)	-	-
Public safety	8,416,494	319,489	5,648,569	-	(2,448,436)	-	(2,448,436)	-	-
Public works	2,102,031	260,296	7,757	-	(1,833,978)	-	(1,833,978)	-	-
Health and welfare	3,333,505	-	2,270,147	-	(1,063,358)	-	(1,063,358)	-	-
Education	5,387,904	-	-	-	(5,387,904)	-	(5,387,904)	-	-
Parks, recreation, and cultural	625,388	5,441	4,500	-	(615,447)	-	(615,447)	-	-
Community development	1,391,317	-	30,000	-	(1,361,317)	-	(1,361,317)	-	-
Nondepartmental	264,006	-	-	-	(264,006)	-	(264,006)	-	-
Interest on long-term debt	1,180,969	-	-	-	(1,180,969)	-	(1,180,969)	-	-
Total governmental activities	$ 25,365,082	$ 665,125	$ 8,837,980	$ -	$ (15,861,977)	$ -	$ (15,861,977)	$ -	$ -
Business-type activities:									
Public Service Authority	$ 210,758	$ 120,165	$ -	$ -	$ -	$ (90,593)	$ (90,593)	$ -	$ -
Total business-type activities	$ 210,758	$ 120,165	$ -	$ -	$ -	$ (90,593)	$ (90,593)	$ -	$ -
Total primary government	$ 25,575,840	$ 785,290	$ 8,837,980	$ -	$ (15,861,977)	$ (90,593)	$ (15,952,570)	$ -	$ -
COMPONENT UNIT:									
School Board	$ 29,377,334	$ 50,604	$ 23,836,707	$ 236,162	$ -	$ -	$ -	$ (5,253,861)	$ -
EDA	598,046	-	-	-	-	-	-	-	(598,046)
Total component units	$ 29,975,380	$ 50,604	$ 23,836,707	$ 236,162	$ -	$ -	$ -	$ (5,253,861)	$ (598,046)
General revenues:									
General property taxes					$ 14,603,190	$ -	$ 14,603,190	$ -	$ -
Other local taxes:									
Local sales and use taxes					1,588,571	-	1,588,571	-	-
Consumers' utility taxes					414,287	-	414,287	-	-
Gross receipts					2,412	-	2,412	-	-
Consumption taxes					55,996	-	55,996	-	-
Motor vehicle licenses					468,537	-	468,537	-	-
Bank stock taxes					58,158	-	58,158	-	-
Taxes on recordation and wills					181,022	-	181,022	-	-
Transient occupancy taxes					511,017	-	511,017	-	-
Food and beverage taxes					297,053	-	297,053	-	-
Unrestricted revenues from use of money and property					26,172	-	26,172	259	183,680
Miscellaneous					317,355	-	317,355	847,638	14,020
Contribution from Patrick County, Virginia					-	-	-	5,370,904	556,000
Grants and contributions not restricted to specific programs					1,201,825	-	1,201,825	-	-
Total general revenues					$ 19,725,595	$ -	$ 19,725,595	$ 6,218,801	$ 753,700
Change in net position					$ 3,863,618	$ (90,593)	$ 3,773,025	$ 964,940	$ 155,654
Net position - beginning, as restated					8,349,634	4,145,438	12,495,072	(16,308,147)	2,991,361
Net position - ending					$ 12,213,252	$ 4,054,845	$ 16,268,097	$ (15,343,207)	$ 3,147,015

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

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	General	Nonmajor Asset Forfeiture	Total
ASSETS			
Cash and cash equivalents	$ 3,621,801	$ 135,843	$ 3,757,644
Cash in custody of others	21,126	-	21,126
Investments	7,647,340	82,448	7,729,788
Receivables (net of allowance for uncollectibles)			
Taxes receivable	4,760,566	-	4,760,566
Other local taxes	223,056	-	223,056
Accounts receivable	155,600	-	155,600
Due from component unit	1,686,425	-	1,686,425
Due from other governmental units	1,066,438	-	1,066,438
Prepaid items	35,630	-	35,630
Total assets	$ 19,217,982	$ 218,291	$ 19,436,273
LIABILITIES			
Accounts payable	$ 350,002	$ -	$ 350,002
Accrued liabilities	69,061	-	69,061
Unearned revenue - COVID-19 grants	1,752,614	-	1,752,614
Total liabilities	$ 2,171,677	$ -	$ 2,171,677
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	$ 6,065,123	$ -	$ 6,065,123
FUND BALANCES			
Nonspendable - prepaid items	$ 35,630	$ -	$ 35,630
Restricted:			
Fred Clifton Park	1,109	-	1,109
Asset Forfeiture	-	218,291	218,291
Transient Occupancy	182,385	-	182,385
Assigned:			
Law Library	22,081	-	22,081
Courthouse Maintenance	14,263	-	14,263
Courthouse Security	17,210	-	17,210
Fire Programs	85,294	-	85,294
Four for Life	61,344	-	61,344
Spay and Neuter	624	-	624
Fire and Rescue Equipment	85,336	-	85,336
Capital Depreciation	185,775	-	185,775
Skate Park	19,409	-	19,409
Broadband	177,610	-	177,610
Bob White Covered Bridge	30,269	-	30,269
Sheriff/Jail	166,649	-	166,649
Unassigned	9,896,194	-	9,896,194
Total fund balances	$ 10,981,182	$ 218,291	$ 11,199,473
Total liabilities, deferred inflows of resources, and fund balances	$ 19,217,982	$ 218,291	$ 19,436,273

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

Exhibit 4

County of Patrick, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 11,199,473
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	35,679,496	
Machinery and equipment	1,163,817	
Construction in progress	81,670	38,122,247
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue		663,102
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.		54,891
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	$ 1,831,943	
Pension related items	2,580,853	
OPEB related items	308,693	4,721,489
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	$ (1,549,346)	
Accrued interest payable	(520,767)	
Compensated absences	(758,509)	
Net pension liability	(6,041,253)	
Net OPEB liabilities	(1,032,168)	
Capital leases	(70,464)	
Literary loans	(645,000)	
Lease revenue bonds	(10,778,000)	
General obligation bonds	(21,057,773)	(42,453,280)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (4,324)	
OPEB related items	(90,346)	(94,670)
Net position of governmental activities		$ 12,213,252

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

Exhibit 5

County of Patrick, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Nonmajor Asset Forfeiture	Total
REVENUES			
General property taxes	$ 14,651,305	$ -	$ 14,651,305
Other local taxes	3,577,053	-	3,577,053
Permits, privilege fees, and regulatory licenses	88,880	-	88,880
Fines and forfeitures	37,064	-	37,064
Revenue from the use of money and property	25,930	242	26,172
Charges for services	538,435	-	538,435
Miscellaneous	317,355	-	317,355
Recovered costs	1,022,770	-	1,022,770
Intergovernmental:			
Commonwealth	5,515,631	43,082	5,558,713
Federal	4,481,092	-	4,481,092
Total revenues	$ 30,255,515	$ 43,324	$ 30,298,839
EXPENDITURES			
Current:			
General government administration	$ 1,672,637	$ -	$ 1,672,637
Judicial administration	1,269,756	-	1,269,756
Public safety	8,551,024	3,926	8,554,950
Public works	1,951,110	-	1,951,110
Health and welfare	3,214,619	-	3,214,619
Education	4,550,396	-	4,550,396
Parks, recreation, and cultural	535,378	-	535,378
Community development	1,348,752	-	1,348,752
Nondepartmental	264,006	-	264,006
Capital projects	79,948	-	79,948
Debt service:			
Principal retirement	1,302,911	-	1,302,911
Interest and other fiscal charges	1,399,276	-	1,399,276
Total expenditures	$ 26,139,813	$ 3,926	$ 26,143,739
Excess (deficiency) of revenues over (under) expenditures	$ 4,115,702	$ 39,398	$ 4,155,100
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 4,278	$ -	$ 4,278
Transfers out	(310,911)	(4,278)	(315,189)
Total other financing sources (uses)	$ (306,633)	$ (4,278)	$ (310,911)
Net change in fund balances	$ 3,809,069	$ 35,120	$ 3,844,189
Fund balances - beginning, as restated	7,172,113	183,171	7,355,284
Fund balances - ending	$ 10,981,182	$ 218,291	$ 11,199,473

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, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 3,844,189
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.		
Capital outlays	$ 648,540	
Depreciation expense	(1,695,410)	(1,046,870)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to increase (decrease) net position.		
Loss on disposal of assets		(31,800)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase (decrease) in unavailable revenue - tax revenue	$ (48,115)	
Increase (decrease) in unavailable revenue - EMS billings	746	(47,369)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of, premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments:		
General obligation bonds and lease revenue bonds	$ 1,112,447	
Literary loans	120,000	
Capital leases	70,464	1,302,911
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 absenses	$ 6,633	
Amortization of bond premium	174,030	
Amortization of deferred amount on refunding	(101,775)	
Change in accrued interest payable	146,052	
Change in net pension liability and related deferred items	(768,048)	
Change in net OPEB liabilities and related deferred items	(21,059)	(564,167)
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.		406,724
Change in net position of governmental activities		$ 3,863,618

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, 2021

	Public Service Authority Water Fund	Public Service Authority Sewer Fund	Public Service Authority Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 103,607	$ 29,446	$ 133,053	$ 405,511
Investments	-	-	-	337
Accounts receivables, net of allowances for uncollectibles	17,028	2,622	19,650	-
Total current assets	$ 120,635	$ 32,068	$ 152,703	$ 405,848
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Infrastructure	$ 1,521,166	$ 2,410,109	$ 3,931,275	$ -
Total noncurrent assets	$ 1,521,166	$ 2,410,109	$ 3,931,275	$ -
Total assets	$ 1,641,801	$ 2,442,177	$ 4,083,978	$ 405,848
LIABILITIES				
Current liabilities:				
Estimate of incurred but not reported health claims	$ -	$ -	$ -	$ 347,807
Accounts payable	3,977	4,231	8,208	3,150
Customers' deposits	18,265	2,660	20,925	-
Total liabilities	$ 22,242	$ 6,891	$ 29,133	$ 350,957
NET POSITION				
Investment in capital assets	$ 1,521,166	$ 2,410,109	$ 3,931,275	$ -
Unrestricted	98,393	25,177	123,570	54,891
Total net position	$ 1,619,559	$ 2,435,286	$ 4,054,845	$ 54,891

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

Exhibit 8

County of Patrick, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Public Service Authority Water Fund	Public Service Authority Sewer Fund	Public Service Authority Total	Internal Service Fund
OPERATING REVENUES				
Charges for services:				
Water revenues	$ 97,915	$ -	$ 97,915	$ -
Sewer revenues	-	22,250	22,250	-
Insurance premiums	-	-	-	3,936,059
Total operating revenues	$ 97,915	$ 22,250	$ 120,165	$ 3,936,059
OPERATING EXPENSES				
Administration	$ 12,661	$ 10,120	$ 22,781	$ -
Purchase of water	41,347	-	41,347	-
Purchase of sewer	-	11,358	11,358	-
Pump station maintenance	8,934	-	8,934	-
Depreciation	49,852	76,486	126,338	-
Insurance claims and expenses	-	-	-	3,840,246
Total operating expenses	$ 112,794	$ 97,964	$ 210,758	$ 3,840,246
Operating income (loss)	$ (14,879)	$ (75,714)	$ (90,593)	$ 95,813
Income (loss) before transfers	$ (14,879)	$ (75,714)	$ (90,593)	$ 95,813
Transfers in	$ -	$ -	$ -	$ 310,911
Change in net position	$ (14,879)	$ (75,714)	$ (90,593)	$ 406,724
Net position - beginning	1,634,438	2,511,000	4,145,438	(351,833)
Net position - ending	$ 1,619,559	$ 2,435,286	$ 4,054,845	$ 54,891

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, 2021

	Public Service Authority			Internal
	Water Fund	Sewer Fund	Total	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for insurance premiums	$ -	$ -	$ -	$ 3,936,059
Receipts from customers and users	103,618	21,474	125,092	-
Payments to suppliers	(58,969)	(17,687)	(76,656)	-
Payments for premiums	-	-	-	(3,978,867)
Net cash provided by (used for) operating activities	$ 44,649	$ 3,787	$ 48,436	$ (42,808)
CASH FLOWS FROM NONCAPITAL FINANCING ACTVITIES				
Transfers from other funds	$ -	$ -	$ -	$ 310,911
Net cash provided by (used for) noncapital financing activities	$ -	$ -	$ -	$ 310,911
Net increase (decrease) in cash and cash equivalents	$ 44,649	$ 3,787	$ 48,436	$ 268,103
Cash and cash equivalents - beginning	58,958	25,659	84,617	137,745
Cash and cash equivalents - ending	$ 103,607	$ 29,446	$ 133,053	$ 405,848
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (14,879)	$ (75,714)	$ (90,593)	$ 95,813
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	$ 49,852	$ 76,486	$ 126,338	$ -
(Increase) decrease in accounts receivable	(1,087)	(31)	(1,118)	-
Increase (decrease) in customer deposits	6,790	(745)	6,045	-
Increase (decrease) in accounts payable	3,973	3,791	7,764	(138,621)
Total adjustments	$ 59,528	$ 79,501	$ 139,029	$ (138,621)
Net cash provided by (used for) operating activities	$ 44,649	$ 3,787	$ 48,436	$ (42,808)

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

Exhibit 10

County of Patrick, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Custodial Funds
ASSETS		
Cash and cash equivalents	$	28,962
Total assets	$	28,962
LIABILITIES		
Accounts payable	$	9,816
Total liabilities	$	9,816
NET POSITION		
Restricted:		
Special Welfare	$	2,609
Dehart Cemetery		6,000
Inmate Balances		10,537
Total net position	$	19,146

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

Exhibit 11

County of Patrick, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

		Custodial Funds
ADDITIONS		
Contributions:		
Expenditure reimbursements	$	49,871
Miscellaneous		86
Inmate reimbursements		212,031
Total contributions	$	261,988
DEDUCTIONS		
Special welfare payments	$	55,195
Transfers to other funds		65
Inmate payments		219,603
Total deductions	$	274,863
Net increase (decrease) in fiduciary net position	$	(12,875)
Net position - beginning, as restated		32,021
Net position - ending	$	19,146

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

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, 2021, 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, 2021, the County contributed $71,179 to the Community Services Board.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

<u>Note 1-Summary of Significant Accounting Policies</u>: (continued)

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following nonmajor governmental funds:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

Fiduciary Funds (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 fund.

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

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

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

2. Investments

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

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

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

3. Receivables and payables

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

4. Property taxes

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

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $96,826 at June 30, 2021 and is comprised of property taxes ($77,186), water charges ($19,372) and sewer charges ($268).

6. Use of estimates

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

7. Capital assets

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

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

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

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

7. Capital assets (continued)

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

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

8. Compensated absences

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

9. Long-term obligations

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

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

10. Prepaid items

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

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

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

11. Fund balance

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

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

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

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

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

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

12. Deferred outflows/inflows of resources

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

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

13. Pensions

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

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

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

14. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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 a implicit subsidy. Please see related notes for more information.

15. Net Position

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

The County's net position is classified as follows:

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

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

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

16. Net Position Flow Assumption

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

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, 2021, there were no funds/departments that over expended appropriations.

C. Deficit fund balance

At June 30, 2021, there were no funds with deficit fund balance.

Note 3-Deposits and Investments:

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

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities:

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

The County's and School's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool (LGIP)	$ 8,430,178

Concentration of Credit Risk:

At June 30, 2021, 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)	$ 8,430,178	$ 8,430,178

Note 3-Deposits and Investments: (Continued)

External Investment Pool:

The value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
Local Governments:	$ -	$ 23,709
Franklin County, Virginia		
Commonwealth of Virginia:		
State sales tax	-	367,403
Local sales tax	286,970	-
Noncategorical aid	75,761	-
Categorical aid - shared expenses	254,545	-
Categorical aid - VPA funds	50,739	-
Categorical aid - CSA funds	103,153	-
Categorical aid - other	159,748	236,567
Federal Government:		
Categorical aid - VPA funds	89,145	-
Categorical aid - other	46,377	611,829
Totals	$ 1,066,438	$ 1,239,508

Note 5-Interfund/Component-unit Obligations:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	$ 4,278	$ 310,911
Asset Forfeiture Fund	-	4,278
Health Insurance Fund	310,911	-
Total	$ 315,189	$ 315,189

During 2021, the General Fund transferred $310,911 to help offset losses in the self-health insurance fund.

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

Fund	Transfers In	Transfers Out
School Operating Fund	$ -	$ 331,890
School Activity Fund	331,890	-
Total	$ 331,890	$ 331,890

Interfund/component unit obligations at June 30, 2021, consisted of the following:

Fund	Component Unit	Component Unit
Primary Government:		
General Fund	$ 1,686,425	$ -
Component Unit - School Board:		
School Operating Fund	$ -	$ 1,686,425

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, 2021.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	$ 21,982,220	$ -	$ (924,447)	$ 21,057,773
Lease revenue bonds	10,966,000	-	(188,000)	10,778,000
Bond premiums	1,723,376	-	(174,030)	1,549,346
Literary loans	765,000	-	(120,000)	645,000
Capital leases	140,928	-	(70,464)	70,464
Compensated absences	765,142	567,224	(573,857)	758,509
Net pension liability	4,730,533	1,481,111	(170,391)	6,041,253
Net OPEB liabilities	1,037,532	274,565	(279,929)	1,032,168
Total	$ 42,110,731	$ 2,322,900	$ (2,501,118)	$ 41,932,513

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 Principal	Interest
2022	$ 1,359,836	$ 1,347,268
2023	1,420,770	1,285,234
2024	1,484,877	1,220,060
2025	1,483,294	1,154,769
2026	1,551,996	1,083,325
2027-2031	8,826,000	4,346,870
2032-2036	10,564,000	2,399,872
2037-2040	5,790,000	437,443
Totals	$ 32,480,773	$ 13,274,841

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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:						
General Obligation Bonds						
General obligation bond	2.35-5.10%	11/7/2002	2022	$ 469,054	$ 57,573	$ 28,385
General obligation bond	4.10-5.60%	10/15/2004	2025	1,630,018	394,294	95,071
General obligation bond	4.60-5.10%	11/10/2005	2026	1,787,287	535,906	101,380
General obligation bond	4.05-5.05%	5/14/2015	2039	22,480,000	20,070,000	740,000
Total general obligation bonds					$ 21,057,773	$ 964,836
Lease Revenue Bonds						
Lease revenue bond	4.60-5.10%	11/9/2009	2040	$ 6,295,000	$ 4,095,000	$ -
Lease revenue bond	3.14%	6/20/2019	2040	6,084,000	6,060,000	112,000
Lease revenue bond	3.50%	6/20/2019	2024	787,000	623,000	163,000
Total lease revenue bonds					$ 10,778,000	$ 275,000
Premiums:						
Premium		10/15/2004	2025	$ 117,079	$ 23,415	$ 5,854
Premium		11/10/2005	2026	97,867	39,142	3,915
Premium		5/14/2015	2038	2,512,317	1,486,789	156,173
Total premiums					$ 1,549,346	$ 165,942
Literary Loans						
State literary fund loan	3.00%	3/8/2002	2022	$ 900,000	$ 45,000	$ 45,000
State literary fund loan	2.00%	7/15/2008	2029	1,425,000	600,000	75,000
Total literary loans					$ 645,000	$ 120,000
Total direct borrowings and direct placements					$ 34,030,119	$ 1,525,778
Capital Leases:						
Capital lease	0.00%	10/1/2017	2022	$ 352,320	$ 70,464	$ 70,464
Other Obligations:						
Compensated absences					$ 758,509	$ 568,882
Net pension liability					6,041,253	-
Net OPEB liabilities					1,032,168	-
Total other obligations					$ 7,831,930	$ 568,882
Total long-term obligations					$ 41,932,513	$ 2,165,124

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-Capital Leases:

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

The assets acquired through this capital lease are as follows:

CAD E911 Software	$	352,320
Less: Accumulated depreciation		(261,006)
Net capital assets	$	91,314

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2021, are as follows:

Year Ending June 30,		Capital Leases
2022	$	70,464
Sub-total	$	70,464
Less: Amount representing interest		-
Present Value of Lease Agreements	$	70,464

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

Discretely Presented Component Unit-School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2021.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Capital leases	$ 220,762	$ -	$ (109,035)	$ 111,727
Compensated absences	472,322	353,921	(354,242)	472,001
Net pension liability	20,466,672	9,149,633	(7,468,439)	22,147,866
Net OPEB liabilities	6,591,185	1,528,110	(1,627,545)	6,491,750
Total	$ 27,750,941	$ 11,031,664	$ (9,559,261)	$ 29,223,344

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

Details of Obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Capital Leases:						
Capital lease	2.44%	11/8/2018	2022	$ 327,168	$ 111,727	$ 111,727
Other Obligations:						
Compensated absences					$ 472,001	$ 354,001
Net pension liability					22,147,866	-
Net OPEB liabilities					6,491,750	-
Total other obligations					$ 29,111,617	$ 354,001
Total long-term obligations					$ 29,223,344	$ 465,728

Note 9-Capital Leases-Component Unit School Board:

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

The School Board entered into the capital lease in November 2018 for a total amount of $327,168 with an interest rate of 2.442%, payable in three annual principal and interest payments which began in November 2019. The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, were as follows:

Year Ending June 30,	Capital Leases
2022	$ 114,486
Sub-total	$ 114,486
Less: Amount representing interest	(2,759)
Present Value of Lease Agreements	$ 111,727

Note 10—Pension Plans:

Plan Description

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

Benefit Structures

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

a. Employees 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.

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.

Note 10—Pension Plans: (continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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	87	92
Inactive members:		
Vested inactive members	17	12
Non-vested inactive members	24	16
Inactive members active elsewhere in VRS	31	17
Total inactive members	72	45
Active members	161	96
Total covered employees	320	233

Note 10—Pension Plans: (continued)

Contributions

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

The County's contractually required employee contribution rate for the year ended June 30, 2021 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 $864,835 and $750,496 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2021 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 $106,674 and $107,760 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Note 10—Pension Plans: (continued)

Actuarial Assumptions – General Employees (continued)

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

<u>Note 10—Pension Plans</u>: (continued)

Actuarial Assumptions – General Employees (continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Note 10—Pension Plans: (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Long-term Expected Rate of Return

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

Note 10—Pension Plans: (continued)

Long-term Expected Rate of Return (continued)

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater.

Note 10—Pension Plans: (Continued)

Discount Rate (Continued)

Through the fiscal year ended June 30, 2020, 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, 2020 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, 2019	$ 28,393,377	$ 23,662,844	$ 4,730,533
Changes for the year:			
Service cost	$ 848,505	$ -	$ 848,505
Interest	1,871,073	-	1,871,073
Benefit changes	58,641	-	58,641
Differences between expected and actual experience	50,458	-	50,458
Contributions - employer	-	749,869	(749,869)
Contributions - employee	-	330,161	(330,161)
Net investment income	-	453,746	(453,746)
Benefit payments, including refunds of employee contributions	(1,347,566)	(1,347,566)	-
Administrative expenses	-	(15,282)	15,282
Other changes	-	(537)	537
Net changes	$ 1,481,111	$ 170,391	$ 1,310,720
Balances at June 30, 2020	$ 29,874,488	$ 23,833,235	$ 6,041,253

Note 10—Pension Plans: (continued)

Changes in Net Pension Liability

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	$ 7,834,505	$ 7,417,959	$ 416,546
Changes for the year:			
Service cost	$ 170,018	$ -	$ 170,018
Interest	513,026	-	513,026
Differences between expected and actual experience	(140,241)	-	(140,241)
Contributions - employer	-	107,628	(107,628)
Contributions - employee	-	84,696	(84,696)
Net investment income	-	140,309	(140,309)
Benefit payments, including refunds of employee contributions	(468,230)	(468,230)	-
Administrative expenses	-	(4,929)	4,929
Other changes	-	(164)	164
Net changes	$ 74,573	$ (140,690)	$ 215,263
Balances at June 30, 2020	$ 7,909,078	$ 7,277,269	$ 631,809

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	$ 9,815,749	$ 6,041,253	$ 2,902,767
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	$ 1,422,153	$ 631,809	$ (39,326)

Note 10—Pension Plans: (continued)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of $1,632,256 and $198,145, respectively. At June 30, 2021, 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	$ 577,570	$ 2,365	$ 7,655	$ 78,187
Change in assumptions	430,191	1,959	37,917	-
Net difference between projected and actual earnings on pension plan investments	708,257	-	217,657	-
Employer contributions subsequent to the measurement date	864,835	-	106,674	-
Total	$ 2,580,853	$ 4,324	$ 369,903	$ 78,187

$864,835 and $106,674 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	$ 575,593	$ (13,015)
2023	597,112	52,975
2024	310,382	74,899
2025	228,607	70,183

Note 10—Pension Plans: (continued)

Pension Plan Data

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

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, 2021 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 $2,045,566 and $1,964,648 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of $21,516,057 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.14780% as compared to 0.15235% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of $1,865,233. 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.

Note 10—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,261,173
Change in assumptions	1,468,741	-
Net difference between projected and actual earnings on pension plan investments	1,636,534	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,785,848
Employer contributions subsequent to the measurement date	2,045,566	-
Total	$ 5,150,841	$ 3,047,021

$2,045,566 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	
2022	$ (525,211)
2023	32,618
2024	267,650
2025	333,066
2026	(49,869)

Note 10—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

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

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

Note 10—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	$	14,552,626
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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.

Note 10—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 31,568,889	$ 21,516,057	$ 13,201,095

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	$ 2,580,853	$ 4,324	$ 6,041,253	$ 1,632,256	$ -	$ -	$ -	$ -
School Board Nonprofessional	-	-	-	-	369,903	78,187	631,809	198,145
School Board Professional	-	-	-	-	5,150,841	3,047,021	21,516,057	1,865,233
Totals	$ 2,580,853	$ 4,324	$ 6,041,253	$ 1,632,256	$ 5,520,744	$ 3,125,208	$ 22,147,866	$ 2,063,378

Note 11—Line of Duty Act (LODA) (OPEB Benefits):

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

Note 11—Line of Duty Act (LODA) (OPEB Benefits): (continued)

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was $74,588.

Note 12—Other Postemployment Benefits - County Health Insurance:

Plan Description

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan, the Patrick County Post-Retirement Medical Plan (PPRMP). The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The PPRMP does not issue a publicly available financial report.

Benefits Provided

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

- General and Public Safety Employees hired before July 1, 2010:
    - Attain age 50 and 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, 2021 (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	2
Total	165

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

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was $36,651.

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	2.16% as of June 30, 2021
Inflation	2.50% per year as of June 30, 2021
County Patricipation 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 2.16% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2021.

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

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balance at June 30, 2020	$	468,896
Changes for the year:		
Service cost	$	30,225
Interest on Total OPEB Liability		10,628
Effect of economic/demographic gains or losses		(61,027)
Changes in assumptions		2,579
Benefit payments		(36,651)
Net changes	$	(54,246)
Balance at June 30, 2021	$	414,650

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Discount Rate		
1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
$ 441,085	$ 414,650	$ 389,371

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%)
$ 373,527	$ 414,650	$ 463,306

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

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

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of $57,395. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,809	$ 52,667
Change in assumptions	89,204	4,277
Total	$ 111,013	$ 56,944

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

Year Ended June 30	Primary Government
2022	$ 16,542
2023	16,542
2024	16,542
2025	16,542
2026	(1,166)
Thereafter	(10,933)

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

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

Plan Description

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

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

Benefits Provided

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

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

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

Plan Membership

At June 30, 2021 (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	1
Total	426

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, 2021 was $53,111.

Note 13—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	2.16% as of June 30, 2021
Inflation	2.50% per year as of June 30, 2021
School Board Patricipation 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 2.16% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2021.

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

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balance at June 30, 2020	$ 3,406,037
Changes for the year:	
Service cost	$ 196,756
Interest on Total OPEB Liability	79,037
Effect of economic/demographic gains or losses	(744,473)
Changes in assumptions	295,216
Benefit payments	(53,111)
Net changes	$ (226,575)
Balance at June 30, 2021	$ 3,179,462

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Discount Rate		
1% Decrease	Current	1% Increase
(1.16%)	(2.16%)	(3.16%)
$ 3,408,204	$ 3,179,462	$ 2,958,229

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	Current	1% Increase
(4.70% decreasing to 3.00%)	(5.70% decreasing to 4.00%)	(6.70% decreasing to 5.00%)
$ 2,940,381	$ 3,179,462	$ 3,462,888

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

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of $252,044. At June 30, 2021, 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	$ -	$ 868,208
Change in assumptions	634,507	58,767
Total	$ 634,507	$ 926,975

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
2022	$ (23,749)
2023	(23,749)
2024	(23,749)
2025	(23,749)
2026	(23,749)
Thereafter	(173,723)

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

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

Plan Description

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

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

Plan Description (continued)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

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, 2021 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.

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

Contributions (continued)

Contributions to the Group Life Insurance Plan from the County were $35,012 and $33,915 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were $9,469 and $9,199 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were $68,695 and $67,096 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the entity reported a liability of $528,688 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date as of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.03168% as compared to 0.03306% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of $26,809. 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, 2021, the entity reported a liability of $143,186 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date as of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00858% as compared to 0.00900% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of $3,659. 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.

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

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

Component Unit School Board (Professional)

At June 30, 2021, the entity reported a liability of $1,046,194 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date as of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.06269% as compared to 0.06485% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of $16,754. 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, 2021, 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	$ 33,910	$ 4,748	$ 9,184	$ 1,286	$ 67,104	$ 9,398
Net difference between projected and actual earnings on GLI OPEB plan investments	15,881	-	4,301	-	31,427	-
Change in assumptions	26,440	11,039	7,161	2,990	52,322	21,845
Changes in proportionate share	32,967	17,608	-	9,369	1,102	103,498
Employer contributions subsequent to the measurement date	35,012	-	9,469	-	68,695	-
Total	$ 144,210	$ 33,395	$ 30,115	$ 13,645	$ 220,650	$ 134,741

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

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

$35,012, $9,469, and $68,695 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2022	$ 14,611	$ 355	$ (7,384)
2023	19,096	1,570	1,491
2024	22,449	2,678	9,346
2025	18,451	2,728	14,803
2026	1,667	(177)	(427)
Thereafter	(471)	(153)	(615)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. 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*

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

Actuarial Assumptions (continued)

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

Mortality Rates – Teachers

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

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Actuarial Assumptions (continued)

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

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

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Actuarial Assumptions (continued)

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

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

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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.

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, 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, 2020 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	$ 695,000	$ 528,688	$ 393,626
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	$ 188,229	$ 143,186	$ 106,607
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	$ 1,375,302	$ 1,046,194	$ 778,927

Note 14-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 2020 Comprehensive Annual Financial Report (Annual Report) A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government	School Board
	Number	Number
Inactive members or their beneficiaries currently receiving benefits	6	-
Active members	43	96
Total covered employees	49	96

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, 2021 was 0.34% 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 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 $4,706 and $2,710 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 0.91% 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 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 $15,910 and $0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The County's and Component Unit School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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

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

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

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

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

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

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

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

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

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

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

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

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	$ 31,482	$ 820	$ 30,662
Changes for the year:			
Service cost	$ 2,892	$ -	$ 2,892
Interest	1,022	-	1,022
Differences between expected and actual experience	43,767	-	43,767
Assumption changes	13,194	-	13,194
Contributions - employer	-	2,706	(2,706)
Benefit payments	(4,590)	(4,590)	-
Administrative expenses	-	1	(1)
Net changes	$ 56,285	$ (1,883)	$ 58,168
Balances at June 30, 2021	$ 87,767	$ (1,063)	$ 88,830

Note 15—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	$ -	$ -	$ -
Changes for the year:			
Benefit changes	$ 202,921	$ -	$ 202,921
Net changes	$ 202,921	$ -	$ 202,921
Balances at June 30, 2021	$ 202,921	$ -	$ 202,921

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Patrick County's Net HIC OPEB Liability	$ 101,406	$ 88,830	$ 78,345
Component Unit School Board's Net HIC OPEB Liability	$ 221,936	$ 202,921	$ 186,388

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

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

For the year ended June 30, 2021, the County and Component Unit School Board recognized HIC Plan OPEB expense of $13,281 and $202,921, respectively. At June 30, 2020, 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	$ 36,965	$ -	-	$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	46	7	-	-
Change of assumptions	11,753	-	-	-
Employer contributions subsequent to the measurement date	4,706	-	15,910	-
Total	$ 53,470	$ 7	15,910	$ -

$4,706 and $15,910 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, 2022.

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
2022	$ 9,359
2023	9,360
2024	9,350
2025	9,342
2026	9,243
Thereafter	2,103

HIC Plan Data

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

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

Plan Description

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

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

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.

Note 16- 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, 2021 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 $153,962 and $154,877 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the school division reported a liability of $1,919,987 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.14718% as compared to 0.15151% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of $118,993. 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.

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

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

At June 30, 2021, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 25,641
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	8,509	-
Change in assumptions	37,955	10,490
Change in proportionate share	-	210,531
Employer contributions subsequent to the measurement date	153,962	-
Total	$ 200,426	$ 246,662

$153,962 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, 2022.

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

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

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

Year Ended June 30		
2022	$	(38,241)
2023		(37,398)
2024		(37,681)
2025		(36,282)
2026		(30,035)
Thereafter		(20,561)

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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

Actuarial Assumptions (continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, 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	$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	$	1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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:

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 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.

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 2,149,226	$ 1,919,987	$ 1,725,151

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 17-Summary of Other Postemployment Benefits (OPEB):

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 12)	$ 111,013	$ 56,944	$ 414,650	$ 57,395	$ -	$ -	$ -	$ -
School Board Stand-Alone Plan (Note 13)	-	-	-	-	634,507	926,975	3,179,462	252,044
VRS OPEB Plans:								
GLI Plan (Note 14)								
County	144,210	33,395	528,688	26,809	-	-	-	-
School Board Nonprofessional	-	-	-	-	30,115	13,645	143,186	3,659
School Board Professional	-	-	-	-	220,650	134,741	1,046,194	16,754
County HIC Plan (Note 15)	53,470	7	88,830	13,281	-	-	-	-
Teacher HIC Plan (Note 16)	-	-	-	-	200,426	246,662	1,919,987	118,993
School Board HIC Plan (Note 15)	-	-	-	-	15,910	-	202,921	202,921
Totals	$ 308,693	$ 90,346	$1,032,168	$ 97,485	$1,101,608	$1,322,023	$ 6,491,750	$ 594,371

Note 18-Capital Assets:

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,197,264	$ -	$ -	$ 1,197,264
Construction in progress	126,500	83,980	(128,810)	81,670
Total capital assets not being depreciated	$ 1,323,764	$ 83,980	$ (128,810)	$ 1,278,934
Capital assets, being depreciated:				
Buildings and improvements	$ 50,808,770	$ 128,810	$ -	$ 50,937,580
Machinery and equipment	4,463,564	564,560	(220,785)	4,807,339
Total capital assets being depreciated	$ 55,272,334	$ 693,370	$ (220,785)	$ 55,744,919
Accumulated depreciation:				
Buildings and improvements	$ (13,975,891)	$ (1,282,193)	$ -	$ (15,258,084)
Machinery and equipment	(3,419,290)	(413,217)	188,985	(3,643,522)
Total accumulated depreciation	$ (17,395,181)	$ (1,695,410)	$ 188,985	$ (18,901,606)
Total capital assets being depreciated, net	$ 37,877,153	$ (1,002,040)	$ (31,800)	$ 36,843,313
Governmental activities capital assets, net	$ 39,200,917	$ (918,060)	$ (160,610)	$ 38,122,247

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	$ 5,053,532	$ -	$ -	$ 5,053,532
Accumulated depreciation:				
Infrastructure	$ (995,919)	$ (126,338)	$ -	$ (1,122,257)
Business-type activities capital assets, net	$ 4,057,613	$ (126,338)	$ -	$ 3,931,275

Note 18-Capital Assets: (continued)

Primary Government: (continued)

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

Governmental Activities:		
General government administration	$	39,217
Judicial administration		2,796
Public safety		598,394
Public works		154,167
Health and welfare		15,793
Education		837,508
Parks, recreation, and cultural		35,001
Community development		12,534
Total depreciation expense-governmental activities	$	1,695,410
Business-type Activities:		
PSA fund	$	126,338

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Note 18-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 561,748	$ -	$ -	$ 561,748
Construction in progress	184,072	-	-	184,072
Total capital assets not being depreciated	$ 745,820	$ -	$ -	$ 745,820
Capital assets, being depreciated:				
Buildings and improvements	$ 22,003,635	$ 231,171	$ -	$ 22,234,806
Machinery and equipment	6,734,121	1,385,572	(5,670)	8,114,023
Total capital assets being depreciated	$ 28,737,756	$ 1,616,743	$ (5,670)	$ 30,348,829
Accumulated depreciation:				
Buildings and improvements	$ (14,817,058)	$ (478,577)	$ -	$ (15,295,635)
Machinery and equipment	(4,885,070)	(414,591)	37	(5,299,624)
Total accumulated depreciation	$ (19,702,128)	$ (893,168)	$ 37	$ (20,595,259)
Total capital assets being depreciated, net	$ 9,035,628	$ 723,575	$ (5,633)	$ 9,753,570
Governmental activities capital assets, net	$ 9,781,448	$ 723,575	$ (5,633)	$ 10,499,390

Note 19-Risk Management:

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

Note 20-Contingent Liabilities:

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

Note 21—Deferred/Unavailable Revenue:

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	$ -	$ 616,067
Deferred EMS billing revenues	-	47,035
2nd half tax assessments due in December 2021	3,786,187	3,786,187
Prepaid property taxes due in December 2021, but paid in advance by taxpayers	1,615,834	1,615,834
Total deferred/unavailable revenue	$ 5,402,021	$ 6,065,123

Note 22-Surety Bonds:

Primary Government:

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

Note 22-Surety Bonds: (Continued)

Component Unit – School Board:

Zurick North America:		
C. Dean Gilbert, Superintendent of Schools	$	10,000
Sarah Leigh D. Collins, Clerk of the School Board		10,000

Note 23-Self Health Insurance:

The County of Patrick, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2021, a total of $3,840,246 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 $347,807 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 2021 and the two previous years were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2020-21	$ 484,592	$ 3,703,461	$ (3,840,246)	$ 347,807
2019-20	359,866	5,241,796	(5,117,070)	484,592
2018-19	253,666	4,664,498	(4,558,298)	359,866

Note 24-Litigation:

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

Note 25-Pandemic Funding and Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of $3,072,460. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of $426,160. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of $42,540 are reported as unearned revenue as of June 30.

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. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of $1,710,074 from the initial allocation 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

Note 26-Adoption of Accounting Principle and Restatement of Beginning Balances:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported.

	Fund Balance	Net Position	
	Component Unit - School Board	Component Unit - School Board	Primary Government Custodial Funds
Beginning balance, as previously stated	$ 475,091	$ (16,698,752)	$ -
Implementation of GASB 84	390,605	390,605	32,021
Beginning balance, as restated	$ 865,696	$ (16,308,147)	$ 32,021

In addition, the County restated beginning balances to correct the below error.

	Fund Balance	Net Position
	Primary Government General Fund	Primary Government Governmental Activities
Beginning balance, as previously stated	$ 7,298,198	$ 8,475,719
Correct reporting of accrued wages	(126,085)	(126,085)
Beginning balance, as restated	$ 7,172,113	$ 8,349,634

Note 27-Upcoming Pronouncements:

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 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.

Note 27–Upcoming Pronouncements: (Continued)

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

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

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

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

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

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

Required Supplementary Information

County of Patrick, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
General property taxes	$ 13,897,868	$ 13,897,868	$ 14,651,305	$ 753,437
Other local taxes	2,754,611	2,754,611	3,577,053	822,442
Permits, privilege fees, and regulatory licenses	67,100	67,100	88,880	21,780
Fines and forfeitures	25,000	25,000	37,064	12,064
Revenue from the use of money and property	29,500	29,500	25,930	(3,570)
Charges for services	583,325	608,700	538,435	(70,265)
Miscellaneous	38,300	101,409	317,355	215,946
Recovered costs	687,699	841,423	1,022,770	181,347
Intergovernmental:				
Commonwealth	5,306,325	5,449,661	5,515,631	65,970
Federal	1,471,870	3,513,306	4,481,092	967,786
Total revenues	$ 24,861,598	$ 27,288,578	$ 30,255,515	$ 2,966,937
EXPENDITURES				
Current:				
General government administration	$ 1,743,851	$ 1,860,401	$ 1,672,637	$ 187,764
Judicial administration	1,305,425	1,466,989	1,269,756	197,233
Public safety	7,320,679	9,282,617	8,551,024	731,593
Public works	1,623,489	2,092,805	1,951,110	141,695
Health and welfare	3,291,644	3,363,546	3,214,619	148,927
Education	5,126,559	5,126,559	4,550,396	576,163
Parks, recreation, and cultural	541,649	572,135	535,378	36,757
Community development	894,208	1,505,282	1,348,752	156,530
Nondepartmental	100,000	299,166	264,006	35,160
Capital projects	233,800	231,324	79,948	151,376
Debt service:				
Principal retirement	1,302,911	1,302,911	1,302,911	-
Interest and other fiscal charges	1,439,219	1,439,219	1,399,276	39,943
Total expenditures	$ 24,923,434	$ 28,542,954	$ 26,139,813	$ 2,403,141
Excess (deficiency) of revenues over (under) expenditures	$ (61,836)	$ (1,254,376)	$ 4,115,702	$ 5,370,078
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 5,000	$ 30,353	$ 4,278	$ (26,075)
Transfers out	-	(302,545)	(310,911)	(8,366)
Total other financing sources (uses)	$ 5,000	$ (272,192)	$ (306,633)	$ (34,441)
Net change in fund balances	$ (56,836)	$ (1,526,568)	$ 3,809,069	$ 5,335,637
Fund balances - beginning, as restated	56,836	1,526,568	7,172,113	5,645,545
Fund balances - ending	$ -	$ -	$ 10,981,182	$ 10,981,182

Exhibit 13

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, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	$ 848,505	$ 765,732	$ 673,187	$ 644,046	$ 635,360	$ 623,211	$ 590,605
Interest	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	58,641		-	-	-	-	-
Differences between expected and actual experience	50,458	616,890	818,938	(137,413)	302,742	(67,963)	-
Changes of assumptions	-	826,679	-	(113,907)	-	-	-
Benefit payments	(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	$ 1,481,111	$ 2,708,523	$ 1,803,082	$ 843,336	$ 1,347,363	$ 1,025,561	$ 1,036,252
Total pension liability - beginning	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)	$ 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	$ 749,869	$ 746,600	$ 648,274	$ 590,400	$ 671,160	$ 652,292	$ 683,571
Contributions - employee	330,161	314,186	297,343	279,673	281,457	265,355	250,495
Net investment income	453,746	1,496,095	1,563,432	2,327,266	334,479	832,521	2,474,387
Benefit payments	(1,347,566)	(1,254,800)	(1,314,751)	(1,122,783)	(1,071,608)	(943,259)	(897,006)
Administrator changes	(15,282)	(14,563)	(13,496)	(13,419)	(11,736)	(11,275)	(13,188)
Other	(537)	(944)	(1,389)	(2,072)	(140)	(175)	130
Net change in plan fiduciary net position	$ 170,391	$ 1,286,574	$ 1,179,413	$ 2,059,065	$ 203,612	$ 795,459	$ 2,498,389
Plan fiduciary net position - beginning	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)	$ 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)	$ 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	79.78%	83.34%	87.12%	88.76%	83.07%	87.29%	87.77%
Covered payroll	$ 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	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.

Exhibit 14

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, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	$ 170,018	$ 174,633	$ 175,109	$ 162,091	$ 171,120	$ 182,786	$ 188,901
Interest	513,026	501,073	490,387	492,127	495,058	475,467	456,351
Differences between expected and actual experience	(140,241)	38,275	(66,039)	(144,761)	(296,338)	13,249	-
Changes of assumptions	-	189,589	-	(104,331)	-	-	-
Benefit payments	(468,230)	(454,514)	(439,080)	(420,883)	(402,524)	(380,756)	(363,578)
Net change in total pension liability	$ 74,573	$ 449,056	$ 160,377	$ (15,757)	$ (32,684)	$ 290,746	$ 281,674
Total pension liability - beginning	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)	$ 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	$ 107,628	$ 109,545	$ 114,202	$ 114,901	$ 170,680	$ 171,319	$ 192,536
Contributions - employee	84,696	85,570	87,560	87,028	84,569	85,375	87,366
Net investment income	140,309	471,904	506,717	768,480	109,706	284,404	863,123
Benefit payments	(468,230)	(454,514)	(439,080)	(420,883)	(402,524)	(380,756)	(363,578)
Administrator charges	(4,929)	(4,831)	(4,486)	(4,563)	(4,033)	(3,964)	(4,675)
Other	(164)	(296)	(448)	(679)	(47)	(59)	45
Net change in plan fiduciary net position	$ (140,690)	$ 207,378	$ 264,465	$ 544,284	$ (41,649)	$ 156,319	$ 774,817
Plan fiduciary net position - beginning	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)	$ 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)	$ 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	92.01%	94.68%	97.63%	96.14%	88.41%	88.59%	90.04%
Covered payroll	$ 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	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.

Exhibit 15

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, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.14780%	0.15235%	0.16321%	0.16990%	0.17012%	0.17090%	0.17175%
Employer's Proportionate Share of the Net Pension Liability	$ 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	$ 12,914,293	$ 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	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	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.

Exhibit 16

County of Patrick, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

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					
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%
2012	512,486	512,486	-	4,515,295	11.35%
Component Unit School Board (nonprofessional)					
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%
2012	137,894	137,894	-	1,663,377	8.29%
Component Unit School Board (professional)					
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%
2012	1,391,835	1,391,835	-	12,362,402	11.26%

County of Patrick, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Exhibit 18

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, 2021

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

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

Primary Government and Component Unit School Board

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.16% as of June 30, 2021
Inflation	2.50% per year as of June 30, 2021
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).

Exhibit 21

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, 2020

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)
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.

Exhibit 22

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, 2020

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)
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, 2020

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)
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.

Exhibit 24

County of Patrick, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

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					
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%
2012	12,643	12,643	-	4,515,295	0.28%
Component Unit School Board (nonprofessional)					
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%
2012	4,657	4,657	-	1,663,377	0.28%
Component Unit School Board (professional)					
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%
2012	34,615	34,615	-	12,362,402	0.28%

County of Patrick, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Exhibit 26

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, 2020

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

		2020
Total HIC OPEB Liability		
Changes in benefit terms	$	202,921
Net change in total HIC OPEB liability	$	202,921
Total HIC OPEB Liability - beginning		-
Total HIC OPEB Liability - ending (a)	$	202,921
Component Unit School Board's net HIC OPEB liability - ending (a) - (b)	$	202,921
Plan fiduciary net position as a percentage of the total HIC OPEB liability		0.00%
Covered payroll	$	-
County's net HIC OPEB liability as a percentage of covered payroll		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.

Exhibit 28

County of Patrick, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2018 through June 30, 2021

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					
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)					
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 2020 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, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Patrick, Virginia
Schedule of School Board's Share of the Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

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)
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.

Exhibit 31

County of Patrick, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 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%
2012	73,707	73,707	-	12,284,507	0.60%

County of Patrick, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Other Supplementary Information

Exhibit 33

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, 2021

	Asset Forfeiture Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 242	$ 242
Intergovernmental:				
Commonwealth	7,108	7,108	43,082	35,974
Total revenues	$ 7,108	$ 7,108	$ 43,324	$ 36,216
EXPENDITURES				
Current:				
Public safety	$ 4,559	$ 4,559	$ 3,926	$ 633
Total expenditures	$ 4,559	$ 4,559	$ 3,926	$ 633
Excess (deficiency) of revenues over (under) expenditures	$ 2,549	$ 2,549	$ 39,398	$ 36,849
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (4,278)	$ (4,278)	$ (4,278)	$ -
Total other financing sources and uses	$ (4,278)	$ (4,278)	$ (4,278)	$ -
Net change in fund balances	$ (1,729)	$ (1,729)	$ 35,120	$ 36,849
Fund balances - beginning	1,729	1,729	183,171	181,442
Fund balances - ending	$ -	$ -	$ 218,291	$ 218,291

FIDUCIARY FUNDS

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

<u>DeHart Cemetery</u> – The DeHart Cemetery fund accounts for those funds belonging to the DeHart Cemetery.

<u>Inmate Fund</u>– The Inmate fund accounts for those funds held by the Sheriff for the Inmate Trust funds.

Exhibit 34

County of Patrick, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds			
	Special Welfare	Dehart Cemetery	Inmate	Total
ASSETS				
Cash and cash equivalents	$ 2,609	$ 6,000	$ 20,353	$ 28,962
Total assets	$ 2,609	$ 6,000	$ 20,353	$ 28,962
LIABILITIES				
Accounts payable	$ -	$ -	$ 9,816	$ 9,816
Total liabilities	$ -	$ -	$ 9,816	$ 9,816
NET POSITION				
Restricted:				
Special Welfare	$ 2,609	$ -	$ -	$ 2,609
Dehart Cemetery	-	6,000	-	6,000
Inmate Balances	-	-	10,537	10,537
Total net position	$ 2,609	$ 6,000	$ 10,537	$ 19,146

Exhibit 35

County of Patrick, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds			
	Special Welfare	Dehart Cemetary	Inmate	Total
ADDITIONS				
Contributions:				
Expenditure reimbursements	$ 49,871	$ -	$ -	$ 49,871
Miscellaneous	21	65	-	86
Inmate reimbursements	-	-	212,031	212,031
Total contributions	$ 49,892	$ 65	$ 212,031	$ 261,988
DEDUCTIONS				
Special welfare payments	$ 55,195	$ -	$ -	$ 55,195
Transfers to other funds	-	65	-	65
Inmate payments	-	-	219,603	219,603
Total deductions	$ 55,195	$ 65	$ 219,603	$ 274,863
Net increase (decrease) in fiduciary net position	$ (5,303)	$ -	$ (7,572)	$ (12,875)
Net position - beginning, as restated	7,912	6,000	18,109	32,021
Net position - ending	$ 2,609	$ 6,000	$ 10,537	$ 19,146

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

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

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
ASSETS			
Cash and cash equivalents	$ 1,105,842	$ -	$ 1,105,842
Cash in custody of others	200	440,576	440,776
Investments	700,053	-	700,053
Receivables (net of allowance for uncollectibles)			-
Accounts receivable	137,720	4,907	142,627
Due from other governmental units	1,239,508	-	1,239,508
Inventories	63,981	-	63,981
Prepaid items	545,171	-	545,171
Total assets	$ 3,792,475	$ 445,483	$ 4,237,958
LIABILITIES			
Accounts payable	$ 235,974	$ 895	$ 236,869
Salaries payable	1,105,404	-	1,105,404
Due to primary government	1,686,425	-	1,686,425
Total liabilities	$ 3,027,803	$ 895	$ 3,028,698
FUND BALANCES			
Nonspendable:			
Prepaid items	$ 545,171	$ -	$ 545,171
Inventories	63,981	-	63,981
Restricted:			-
Cafeteria	764,472	-	764,472
Committed:			-
Education	200	444,588	444,788
Unassigned	(609,152)	-	(609,152)
Total fund balances	$ 764,672	$ 444,588	$ 1,209,260
Total liabilities and fund balances	$ 3,792,475	$ 445,483	$ 4,237,958

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above		$ 1,209,260
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 561,748	
Construction in progress	184,072	
Building and improvements	6,939,171	
Machinery and equipment	2,814,399	10,499,390
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 5,520,744	
OPEB related items	1,101,608	6,622,352
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases	$ (111,727)	
Compensated absenses	(472,001)	
Accrued interest payable	(3,634)	
Net pension liability	(22,147,866)	
Net OPEB liabilities	(6,491,750)	(29,226,978)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (3,125,208)	
OPEB related items	(1,322,023)	(4,447,231)
Net position of governmental activities		$ (15,343,207)

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, 2021

	School Operating Fund	Nonmajor Fund School Activity Fund*	Total
REVENUES			
Revenue from the use of money and property	$ 259	$ -	$ 259
Charges for services	50,604	-	50,604
Miscellaneous	412,897	434,741	847,638
Recovered costs	316,199	-	316,199
Intergovernmental:			
Local government	4,533,396	-	4,533,396
Commonwealth	20,327,687	-	20,327,687
Federal	3,745,182	-	3,745,182
Total revenues	$ 29,386,224	$ 434,741	$ 29,820,965
EXPENDITURES			
Current:			
Education	$ 28,650,267	$ 712,648	$ 29,362,915
Debt service:			
Principal retirement	109,035	-	109,035
Interest and other fiscal charges	5,451	-	5,451
Total expenditures	$ 28,764,753	$ 712,648	$ 29,477,401
Excess (deficiency) of revenues over (under) expenditures	$ 621,471	$ (277,907)	$ 343,564
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 331,890	$ 331,890
Transfers out	(331,890)	-	(331,890)
Total other financing sources and uses	$ (331,890)	$ 331,890	$ -
Net change in fund balances	$ 289,581	$ 53,983	$ 343,564
Fund balances - beginning, as restated	475,091	390,605	865,696
Fund balances - ending	$ 764,672	$ 444,588	$ 1,209,260

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		$ 343,564
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 1,616,743	
Depreciation expense	(893,168)	723,575
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		(5,633)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments:		
Capital leases		109,035
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	$ 321	
Change in net pension liabilites and related deferred items	87,193	
Change in net OPEB liabilities and related deferred items	(293,115)	(205,601)
Change in net position of governmental activities		$ 964,940

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

Exhibit 38

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, 2021

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 1,250	$ 1,250	$ 259	$ (991)
Charges for services	217,208	217,208	50,604	(166,604)
Miscellaneous	316,500	316,500	412,897	96,397
Recovered costs	125,000	251,047	316,199	65,152
Intergovernmental:				
Local government	5,109,559	5,109,559	4,533,396	(576,163)
Commonwealth	19,889,515	19,991,640	20,327,687	336,047
Federal	3,137,959	3,723,327	3,745,182	21,855
Total revenues	$ 28,796,991	$ 29,610,531	$ 29,386,224	$ (224,307)
EXPENDITURES				
Current:				
Education	$ 28,796,991	$ 29,610,531	$ 28,650,267	$ 960,264
Debt service:				
Principal retirement	-	-	109,035	(109,035)
Interest and other fiscal charges	-	-	5,451	(5,451)
Total expenditures	$ 28,796,991	$ 29,610,531	$ 28,764,753	$ 845,778
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 621,471	$ 621,471
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (331,890)	$ (331,890)
Net change in fund balances	$ -	$ -	$ 289,581	$ 289,581
Fund balances - beginning	-	-	475,091	475,091
Fund balances - ending	$ -	$ -	$ 764,672	$ 764,672

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 10,593,862	$ 10,593,862	$ 10,778,046	$ 184,184
Real and personal public service corporation taxes	511,000	511,000	536,736	25,736
Personal property taxes	1,909,856	1,909,856	2,273,024	363,168
Mobile home taxes	108,423	108,423	108,443	20
Machinery and tools taxes	624,727	624,727	677,797	53,070
Penalties	75,000	75,000	172,706	97,706
Interest	75,000	75,000	104,553	29,553
Total general property taxes	$ 13,897,868	$ 13,897,868	$ 14,651,305	$ 753,437
Other local taxes:				
Local sales and use taxes	$ 1,100,000	$ 1,100,000	$ 1,588,571	$ 488,571
Consumers' utility taxes	410,000	410,000	414,287	4,287
Consumption taxes	60,000	60,000	55,996	(4,004)
Gross receipts tax	5,000	5,000	2,412	(2,588)
Food and beverage taxes	200,000	200,000	297,053	97,053
Motor vehicle licenses	450,000	450,000	468,537	18,537
Bank stock taxes	24,000	24,000	58,158	34,158
Taxes on recordation and wills	68,000	68,000	181,022	113,022
Transient occupancy taxes	437,611	437,611	511,017	73,406
Total other local taxes	$ 2,754,611	$ 2,754,611	$ 3,577,053	$ 822,442
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 18,300	$ 18,300	$ 15,093	$ (3,207)
Transfer fees	800	800	1,181	381
Erosion and sediment control permits	1,000	1,000	899	(101)
Building permits	47,000	47,000	71,707	24,707
Total permits, privilege fees, and regulatory licenses	$ 67,100	$ 67,100	$ 88,880	$ 21,780
Fines and forfeitures:				
Court fines and forfeitures	$ 25,000	$ 25,000	$ 37,064	$ 12,064
Revenue from use of money and property:				
Revenue from use of money	$ 12,500	$ 12,500	$ 6,614	$ (5,886)
Revenue from use of property	17,000	17,000	19,316	2,316
Total revenue from use of money and property	$ 29,500	$ 29,500	$ 25,930	$ (3,570)
Charges for services:				
Charges for courthouse maintenance	$ -	$ -	$ 6,838	$ 6,838
Charges for credit card collections	6,000	6,000	6,694	694
Charges for ambulance	239,225	239,225	231,943	(7,282)
Charges for Commonwealth's Attorney	5,000	5,000	3,331	(1,669)
Charges for copies	6,100	13,775	9,689	(4,086)
Charges for sanitation and waste removal	300,000	300,000	247,431	(52,569)
Charges for parks and recreation	24,000	41,700	4,460	(37,240)
Charges for recycling	3,000	3,000	10,785	7,785
Charges for library	-	-	981	981
Charges for courthouse security fees	-	-	16,283	16,283
Total charges for services	$ 583,325	$ 608,700	$ 538,435	$ (70,265)
Miscellaneous:				
Donations	$ -	$ 20,638	$ 114,263	$ 93,625
Miscellaneous	38,300	80,771	203,092	122,321
Total miscellaneous	$ 38,300	$ 101,409	$ 317,355	$ 215,946

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Payroll reimbursements	$ 239,201	$ 240,401	$ 294,556	$ 54,155
Law enforcement	12,000	12,000	9,688	(2,312)
Other recovered costs	188,474	215,124	111,914	(103,210)
Charges for jail inmates	248,024	373,898	606,612	232,714
Total recovered costs	$ 687,699	$ 841,423	$ 1,022,770	$ 181,347
Total revenue from local sources	$ 18,083,403	$ 18,325,611	$ 20,258,792	$ 1,933,181
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	$ 35,000	$ 35,000	$ 47,962	$ 12,962
Motor vehicle rental tax	1,500	1,500	3,764	2,264
State recordation tax	50,000	50,000	-	(50,000)
Personal property tax relief funds	688,659	688,659	688,659	-
Communications tax	450,000	450,000	359,774	(90,226)
Games of Skill	-	-	864	864
Motor vehicle carriers' tax	100	100	1	(99)
Total noncategorical aid	$ 1,225,259	$ 1,225,259	$ 1,101,024	$ (124,235)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 346,420	$ 346,152	$ 341,514	$ (4,638)
Sheriff	2,248,778	2,269,278	2,207,007	(62,271)
Commissioner of revenue	109,979	109,979	108,668	(1,311)
Treasurer	90,950	90,950	92,398	1,448
Registrar/electoral board	39,890	39,890	40,084	194
Clerk of the circuit court	239,425	246,035	252,064	6,029
Total shared expenses	$ 3,075,442	$ 3,102,284	$ 3,041,735	$ (60,549)
Other categorical aid:				
Victim witness grant	$ 20,246	$ 20,246	$ 16,585	$ (3,661)
State welfare funds	269,003	269,003	635,471	366,468
Children's services	650,000	650,000	380,435	(269,565)
E-911 wireless funds	55,000	127,355	202,560	75,205
Technology Grants	-	25,694	25,694	-
Fire programs	-	4,420	65,100	60,680
Emergency service grant	-	2,862	20,757	17,895
Commission for the arts	4,500	4,500	4,500	-
Litter control grant	6,875	8,038	7,757	(281)
Justice assistance grant	-	-	4,013	4,013
Tourism grants	-	10,000	10,000	-
Total other categorical aid	$ 1,005,624	$ 1,122,118	$ 1,372,872	$ 250,754
Total categorical aid	$ 4,081,066	$ 4,224,402	$ 4,414,607	$ 190,205
Total revenue from the Commonwealth	$ 5,306,325	$ 5,449,661	$ 5,515,631	$ 65,970
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 21,000	$ 21,000	$ 22,556	$ 1,556
Federal interest subsidy	80,000	80,000	78,245	(1,755)
Total noncategorical aid	$ 101,000	$ 101,000	$ 100,801	$ (199)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
ARC grants	$ -	$ 40,000	$ 30,000	$ (10,000)
COVID-19 Coronavirus relief fund grants	-	1,950,254	2,884,984	934,730
Emergency management performance grant	7,500	8,450	28,742	20,292
Law enforcement block grants	9,375	58,711	60,511	1,800
COVID-19 Election	-	-	42,520	42,520
Federal welfare funds	1,244,241	1,244,241	1,244,241	-
Violence against woment grant	40,000	40,000	20,000	(20,000)
Highway safety grants	20,000	20,896	19,539	(1,357)
Victim witness grant	49,754	49,754	49,754	-
Total categorical aid	$ 1,370,870	$ 3,412,306	$ 4,380,291	$ 967,985
Total revenue from the federal government	$ 1,471,870	$ 3,513,306	$ 4,481,092	$ 967,786
Total General Fund	$ 24,861,598	$ 27,288,578	$ 30,255,515	$ 2,966,937
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 242	$ 242
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets	$ 7,108	$ 7,108	$ 43,082	$ 35,974
Total Asset Forfeiture fund	$ 7,108	$ 7,108	$ 43,324	$ 36,216
Total Primary Government	$ 24,868,706	$ 27,295,686	$ 30,298,839	$ 3,003,153
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	$ -	$ -	$ 259	$ 259
Revenue from the use of property	1,250	1,250	-	(1,250)
Total revenue from use of money and property	$ 1,250	$ 1,250	$ 259	$ (991)
Charges for services:				
Cafeteria sales	$ 132,452	$ 132,452	$ 50,604	$ (81,848)
Transportation of pupils	84,756	84,756	-	(84,756)
Total charges for services	$ 217,208	$ 217,208	$ 50,604	$ (166,604)
Miscellaneous:				
Other miscellaneous	$ 316,500	$ 316,500	$ 412,897	$ 96,397
Recovered costs:				
Other recovered costs	$ 125,000	$ 251,047	$ 316,199	$ 65,152
Total revenue from local sources	$ 659,958	$ 786,005	$ 779,959	$ (6,046)

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Patrick, Virginia	$ 5,109,559	$ 5,109,559	$ 4,533,396	$ (576,163)
Revenues from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 2,710,681	$ 2,710,681	$ 2,898,256	$ 187,575
Basic school aid	10,069,481	10,069,481	9,959,493	(109,988)
Regular foster care	28,420	28,420	10,738	(17,682)
GED Prep	8,386	8,386	8,387	1
Gifted and talented	95,130	95,130	93,962	(1,168)
Remedial education	336,613	336,613	332,481	(4,132)
Textbook payment	196,608	196,608	194,194	(2,414)
Vocational standards of quality payments	219,530	219,530	216,835	(2,695)
Fringe benefits-Social security	596,391	596,391	589,069	(7,322)
Fringe benefits-Retirement	1,388,530	1,388,530	1,371,484	(17,046)
Fringe benefits-Life insurance	42,077	42,077	41,560	(517)
State lottery payments	673,668	673,668	753,535	79,867
School food	-	-	4,815	4,815
Early reading intervention	75,093	75,093	72,411	(2,682)
Homebound education	26,676	26,676	13,177	(13,499)
Vocational education - equipment	-	-	4,162	4,162
Vocational occupational preparedness	50,107	50,107	30,784	(19,323)
Special education	1,415,971	1,415,971	1,398,588	(17,383)
Special education - foster children	-	-	1,420	1,420
At risk payments	700,639	700,639	691,579	(9,060)
Primary class size	480,032	480,032	300,578	(179,454)
At risk four year olds	343,608	343,608	269,969	(73,639)
Mentor teacher program	1,053	1,053	1,126	73
English as a second language	50,886	50,886	50,886	-
Standards of Learning algebra readiness	46,116	46,116	45,992	(124)
No Loss Funding	-	-	446,779	446,779
No Loss PPA	-	-	133,092	133,092
Other state funds	101,819	203,944	152,006	(51,938)
VPSA technology grant	232,000	232,000	232,000	-
Breakfast after the bell	-	-	8,329	8,329
Total categorical aid	$ 19,889,515	$ 19,991,640	$ 20,327,687	$ 336,047

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Adult education	$ 50,892	$ 50,892	$ 23,709	$ (27,183)
Title I	669,190	669,190	648,511	(20,679)
Title VI-B, special education flow-through	553,851	553,851	583,543	29,692
Title VI-B, special education preschool	13,845	13,845	4,856	(8,989)
Vocational education	47,889	47,889	97,518	49,629
Title II, part A	87,053	87,053	93,942	6,889
Title III - Limited English proficient	5,079	5,079	-	(5,079)
Rural school program	52,392	52,392	-	(52,392)
School breakfast program	377,509	377,509	18,999	(358,510)
School lunch program	656,204	656,204	132,266	(523,938)
Summer feeding program	-	-	797,700	797,700
SNP Equip	-	-	12,639	12,639
Other federal categorical	-	-	11,539	11,539
TANF	-	-	83,184	83,184
CARES	-	426,160	426,160	-
ESSER	567,671	726,879	782,286	55,407
Title IV, part A	56,384	56,384	28,330	(28,054)
Total categorical aid	$ 3,137,959	$ 3,723,327	$ 3,745,182	$ 21,855
Total revenue from the federal government	$ 3,137,959	$ 3,723,327	$ 3,745,182	$ 21,855
Total Discretely Presented Component Unit - School Board	$ 28,796,991	$ 29,610,531	$ 29,386,224	$ (224,307)

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 53,170	$ 66,276	$ 60,941	$ 5,335
General and financial administration:				
County administrator	$ 328,846	$ 397,785	$ 346,814	$ 50,971
Finance	173,299	170,481	143,356	27,125
Legal services	43,875	43,875	43,065	810
Audit services	51,400	51,400	51,400	-
Commissioner of revenue	307,494	318,251	304,958	13,293
DMV agent office	66,032	77,281	73,046	4,235
Reassessment	94,130	94,964	52,595	42,369
Treasurer	375,447	386,183	344,604	41,579
Tax mapping	60,557	62,710	62,488	222
Total general and financial administration	$ 1,501,080	$ 1,602,930	$ 1,422,326	$ 180,604
Board of elections:				
Electoral board and officials	$ 96,665	$ 84,695	$ 89,205	$ (4,510)
Registrar	92,936	106,500	100,165	6,335
Total board of elections	$ 189,601	$ 191,195	$ 189,370	$ 1,825
Total general government administration	$ 1,743,851	$ 1,860,401	$ 1,672,637	$ 187,764
Judicial administration:				
Courts:				
Circuit court	$ 56,370	$ 61,177	$ 60,832	$ 345
General district court	26,650	35,483	16,092	19,391
Special magistrates	2,420	2,720	2,536	184
Juvenile and domestic relations court	7,000	7,000	5,570	1,430
Clerk of the circuit court	403,082	453,430	419,451	33,979
Juvenile and domestic relations court services	22,330	22,330	7,700	14,630
Victim witness program	70,000	70,015	66,134	3,881
Courtroom security	148,177	237,012	202,687	34,325
Total courts	$ 736,029	$ 889,167	$ 781,002	$ 108,165
Commonwealth's attorney:				
Commonwealth's attorney	$ 569,396	$ 577,822	$ 488,754	$ 89,068
Total judicial administration	$ 1,305,425	$ 1,466,989	$ 1,269,756	$ 197,233
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 2,681,220	$ 3,601,235	$ 3,318,484	$ 282,751
Sheriff-school resource officer	480,275	481,673	445,168	36,505
Total law enforcement and traffic control	$ 3,161,495	$ 4,082,908	$ 3,763,652	$ 319,256
Fire and rescue services:				
E-911 department	$ 627,103	$ 762,923	$ 637,788	$ 125,135
Volunteer fire departments	278,759	344,215	335,139	9,076
Volunteer emergency operations	677,832	1,013,033	1,015,949	(2,916)
Total fire and rescue services	$ 1,583,694	$ 2,120,171	$ 1,988,876	$ 131,295
Correction and detention:				
Sheriff-correction and detention	$ 1,988,705	$ 2,120,099	$ 1,915,079	$ 205,020
Juvenile detention	16,957	16,957	16,957	-
Total correction and detention	$ 2,005,662	$ 2,137,056	$ 1,932,036	$ 205,020

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	$ 142,851	$ 154,236	$ 146,931	$ 7,305
Other protection:				
Animal control	$ 158,460	$ 172,974	$ 142,578	$ 30,396
Erosion and soil	68,040	70,194	67,671	2,523
Medical examiner	500	560	520	40
Storm water management	1,512	865	756	109
Emergency services	198,465	543,653	508,004	35,649
Total other protection	$ 426,977	$ 788,246	$ 719,529	$ 68,717
Total public safety	$ 7,320,679	$ 9,282,617	$ 8,551,024	$ 731,593
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	$ 713,349	$ 754,598	$ 756,133	$ (1,535)
Maintenance of general buildings and grounds:				
General properties	$ 910,140	$ 1,338,207	$ 1,194,977	$ 143,230
Total public works	$ 1,623,489	$ 2,092,805	$ 1,951,110	$ 141,695
Health and welfare:				
Health:				
Supplement of local health department	$ 169,083	$ 169,083	$ 169,083	$ -
Behavioral health and development services:				
Contribution to local community services board	$ 71,179	$ 71,179	$ 71,179	$ -
Behavioral health	35,000	35,000	11,242	23,758
Total behavioral health and development services	$ 106,179	$ 106,179	$ 82,421	$ 23,758
Welfare:				
Public assistance	$ 2,014,130	$ 2,417,889	$ 2,369,660	$ 48,229
Children's Services Act (CSA)	1,000,000	668,143	591,203	76,940
Contribution to area on aging	2,252	2,252	2,252	-
Total welfare	$ 3,016,382	$ 3,088,284	$ 2,963,115	$ 125,169
Total health and welfare	$ 3,291,644	$ 3,363,546	$ 3,214,619	$ 148,927
Education:				
Other instructional costs:				
Contribution to County School Board	$ 5,109,559	$ 5,109,559	$ 4,533,396	$ 576,163
Contributions to Community College	17,000	17,000	17,000	-
Total education	$ 5,126,559	$ 5,126,559	$ 4,550,396	$ 576,163
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 260,867	$ 291,353	$ 254,596	$ 36,757
Library:				
Contribution to regional library	$ 280,782	$ 280,782	$ 280,782	$ -
Total parks, recreation, and cultural	$ 541,649	$ 572,135	$ 535,378	$ 36,757

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Community development	$ 110,369	$ 110,434	$ 109,436	$ 998
Economic development	101,873	688,518	687,365	1,153
Tourism	437,611	453,257	308,408	144,849
Total planning and community development	$ 649,853	$ 1,252,209	$ 1,105,209	$ 147,000
Environmental management:				
Soil and water district	$ 127,263	$ 127,910	$ 127,910	$ -
Cooperative extension program:				
Extension office	$ 117,092	$ 125,163	$ 115,633	$ 9,530
Total community development	$ 894,208	$ 1,505,282	$ 1,348,752	$ 156,530
Nondepartmental:				
Accrued leave balances	$ 100,000	$ 299,166	$ 264,006	$ 35,160
Capital projects:				
Other capital projects	$ 233,800	$ 231,324	$ 79,948	$ 151,376
Total capital projects	$ 233,800	$ 231,324	$ 79,948	$ 151,376
Debt service:				
Principal retirement	$ 1,302,911	$ 1,302,911	$ 1,302,911	$ -
Interest and other fiscal charges	1,439,219	1,439,219	1,399,276	39,943
Total debt service	$ 2,742,130	$ 2,742,130	$ 2,702,187	$ 39,943
Total General Fund	$ 24,923,434	$ 28,542,954	$ 26,139,813	$ 2,403,141
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 4,559	$ 4,559	$ 3,926	$ 633
Total Asset Forfeiture fund	$ 4,559	$ 4,559	$ 3,926	$ 633
Total Primary Government	$ 24,927,993	$ 28,547,513	$ 26,143,739	$ 2,403,774

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	$ 1,547,209	$ 1,547,209	$ 1,534,459	$ 12,750
Instruction costs:				
Instructional costs	$ 19,111,606	$ 19,823,021	$ 18,837,382	$ 985,639
Technology	1,721,648	1,721,648	1,697,544	24,104
Total instruction costs	$ 20,833,254	$ 21,544,669	$ 20,534,926	$ 1,009,743
Operating costs:				
Pupil transportation	$ 2,116,018	$ 2,116,018	$ 2,204,757	$ (88,739)
Operation and maintenance of school plant	2,253,231	2,253,231	2,368,111	(114,880)
Food service and non-instructional	1,494,589	1,494,589	1,184,707	309,882
Facilities	552,690	654,815	823,307	(168,492)
Total operating costs	$ 6,416,528	$ 6,518,653	$ 6,580,882	$ (62,229)
Total education	$ 28,796,991	$ 29,610,531	$ 28,650,267	$ 960,264
Debt service:				
Principal retirement	$ -	$ -	$ 109,035	$ (109,035)
Interest and other fiscal charges	-	-	5,451	(5,451)
Total debt service	$ -	$ -	$ 114,486	$ (114,486)
Total Discretely Presented Component Unit - School Board	$ 28,796,991	$ 29,610,531	$ 28,764,753	$ 845,778

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	Non-departmental	Interest on Long-Term Debt	Public Service Authority	Total
2020-21	$ 1,327,133	$ 1,336,335	$ 8,416,494	$ 2,102,031	$ 3,333,505	$ 5,387,904	$ 625,388	$ 1,391,317	$ 264,006	$ 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
2011-12	1,080,635	687,006	2,857,489	1,218,942	1,734,701	4,821,016	171,656	870,585	-	1,778,415	215,737	15,436,182

Table 2

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

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous (2)	Grants and Contributions Not Restricted to Specific Programs (1)	Total
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
2011-12	380,937	4,205,478	-	11,311,703	2,120,029	13,462	1,717,362	1,245,402	20,994,373

(1) In fiscal year 2010, communication taxes were reclassed from other local taxes to grants and contributions not restricted to specific programs.
(2) Miscellaneous includes a gain on disposal of asset of \$1,481,304 and \$1,439,110 in fiscal year 2012 and 2014, respectively.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects	Debt Service	Total
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
2011-12	1,315,043	698,740	5,409,834	1,204,719	1,792,357	24,745,312	492,844	873,669	-	61,433	2,903,175	39,497,126

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

Table 4

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

Fiscal Year	General Property Taxes (3)	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
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
2011-12	11,184,689	2,120,029	95,442	16,377	19,678	805,300	1,189,965	605,630	23,721,899	39,759,009

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.
Excludes Capital Projects funds.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.
(3) 2009-2010 was the first year that the County implemented twice-year collections for real estate.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2020-21	$ 14,322,856	$ 13,705,229	95.69%	$ 668,817	$ 14,374,046	100.36%	$ 1,051,565	7.34%
2019-20	14,179,998	13,611,223	95.99%	691,110	14,302,333	100.86%	1,164,593	8.21%
2018-19	13,358,254	12,869,209	96.34%	565,543	13,434,752	100.57%	1,126,781	8.44%
2017-18	12,150,109	11,614,909	95.60%	516,022	12,130,931	99.84%	1,074,666	8.84%
2016-17	12,058,405	11,605,386	96.24%	468,689	12,074,075	100.13%	1,057,435	8.77%
2015-16	11,742,587	11,293,278	96.17%	488,812	11,782,090	100.34%	1,011,140	8.61%
2014-15	11,308,370	11,052,086	97.73%	260,125	11,312,211	100.03%	1,066,079	9.43%
2013-14	11,213,531	10,885,053	97.07%	301,174	11,186,227	99.76%	1,034,713	9.23%
2012-13	11,034,952	10,805,696	97.92%	304,939	11,110,635	100.69%	1,166,071	10.57%
2011-12	11,028,994	10,753,469	97.50%	267,374	11,020,843	99.93%	1,183,290	10.73%

(1) Exclusive of penalties and interest.
(2) Exclusive of land redemptions.

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
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
2011-12	1,732,478,250	161,666,824	33,603,847	67,438,239	1,995,187,160

(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
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
2011-12	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
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
2011-12	18,490	1,995,187	34,782,901	34,782,901	1.74%	1,881

(1) Bureau of the Census.
(2) Real property assessed at 100% of fair market value.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, revenue bonds, and literary fund loans.
Excludes capital leases and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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%
2011-12	1,185,427	1,717,748	2,903,175	39,497,126	7.35%

(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

Robinson, Farmer, Cox Associates, PLLC

Certified Public Accountants

CPAs | Consultants

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, 2021, 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 13, 2021. 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.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 13, 2021

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Patrick, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Patrick, Virginia's major federal programs for the year ended June 30, 2021. The County of Patrick, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Patrick, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Patrick, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Patrick, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 13, 2021

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number			Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:						
Pass Through Payments:						
Department of Education:						
Temporary Assistance for Needy Families	93.558	0400120, 0400121		$ 83,184		
Department of Social Services:						
Temporary Assistance for Needy Families	93.558	0400120, 0400121		151,224	$ 234,408	
Child Care and Development Fund Cluster:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120, 0760121			32,339	
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120, 0950121			13,177	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120			328	
Low-Income Home Energy Assistance	93.568	0600420, 0600421			24,561	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120, 0900121			92	
Foster Care - Title IV-E	93.658	1100120, 1100121			213,240	
Adoption Assistance	93.659	1120120, 1120121			176,776	
Social Services Block Grant	93.667	1000120, 1000121			128,535	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121			4,733	
Children's Health Insurance Program	93.767	0540120, 0540121			2,658	
Medicaid Cluster:						
Medical Assistance Program	93.778	1200120, 1200121			212,419	
Total Department of Health and Human Services					$ 1,043,266	
Department of Agriculture:						
Pass Through Payments:						
Child Nutrition Cluster:						
Department of Education:						
COVID-19 School Breakfast Program	10.553	APE40253		$ 18,999		
COVID-19 Summer Food Service Program for Children	10.559	APE60175	$ 117,524			
Summer Food Service Program for Children	10.559	APE60302	680,176	797,700		
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE86804		12,639		
COVID-19 National School Lunch Program	10.555	APE40264	$ 30,128			
National School Lunch Program	10.555	APE40254	2,743			
Department of Agriculture:						
Food Distribution (Note 3)	10.555	Not available	99,395	132,266		
Total Child Nutrition Cluster					$ 961,604	
Department of Social Services:						
SNAP Cluster:						
State Administrative Matching Grants for the Supplemental Nurition Assistance Program	10.561	0010120, 0010121 0040120, 0040121			284,159	
Total Department of Agriculture					$ 1,245,763	
Department of Homeland Security:						
Pass Through Payments:						
Department of Emergency Management:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4512-DR-VA			$ 11,539	
Emergency Management Performance Grant	97.042	EMP-2019-EP-00006			28,742	
Total Department of Homeland Security					$ 40,281	
Department of Justice:						
Pass Through Payments:						
Department of Criminal Justice Services:						
Crime Victim Assistance	16.575	18VAGX0011			$ 49,754	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17DJBX0082			11,175	
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141			49,336	
Violence Against Women Formula Grants	16.588	19WFAX0032			20,000	
Total Department of Justice					$ 130,265	
Department of Treasury:						
Pass Through Payments:						
Department of Accounts:						
COVID-19 Coronavirus Relief Fund	21.019	SLT0022			$ 2,884,984	$ 257,100
Department of Education:						
COVID-19 Coronavirus Relief Fund	21.019	APE70056			426,160	-
Total Department of Treasury					$ 3,311,144	$ 257,100
US Election Assistance Commission:						
Pass Through Payments:						
Virginia Department of Elections:						
Department of Accounts:						
COVID-19 HAVA Election Security Grants	90.404	Not available			$ 42,520	
Department of Transportation:						
Pass Through Payments:						
Department of Motor Vehicles:						
Highway Safety Cluster:						
State and Community Highway Safety	20.600	FOP-2021-51033-21033			$ 12,339	
Alcohol Open Container Requirements	20.607	154AL-2021-51030-21030			7,200	
Total Department of Transportation					$ 19,539	

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures	Expenditures to Subrecipients
Department of Education:					
Pass Through Payments:					
Franklin County, Virginia School Board:					
Adult Education - Basic Grants to States	84.002	APE42801		$ 23,709	
Department of Education:					
Special Education Cluster:					
Special Education - Grants to States	84.027	APE43071	$ 583,543		
Special Education - Preschool Grants	84.173	APE62521	4,856		
Total Special Education Cluster				588,399	
Title I: Grants to Local Educational Agencies	84.010	APE42901		648,511	
Career and Technical Education-Basic Grants to States	84.048	APE61095		97,518	
Supporting Effective Instruction State Grant	84.367	APE61480		93,942	
Student Support and Academic Enrichment	84.424	APE60019		28,330	
Education Stabilization Fund:					
COVID-19 Governor's Emergency Education Relief Fund	84.425C	APE70037	$ 56,485		
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE60177/60041/60042/60172	725,801	782,286	
Total Department of Education				$ 2,262,695	
Appalachian Regional Commission (ARC):					
Pass Through Payments:					
Department of Housing and Community Development:					
Highway Planning and Construction Cluster:					
Appalachian Development Highway System	23.003	Not available		$ 30,000	
Total Expenditures of Federal Awards				$ 8,125,473	$ 257,100

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, 2021. 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, 2021, the School Board had $63,981 in food commodities inventory.

Note 4 -- Donated Items:
The County did not receive any donated items during the year.

Note 5 -- Relationship to the Financial Statements
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	$ 4,481,092
Less: Payment in lieu of taxes	(22,556)
Less: Interest subsidy	(78,245)
Total primary government	$ 4,380,291
Component Unit School Board:	
School Operating Fund	$ 3,745,182
Total component unit school board	$ 3,745,182
Total federal expenditures per basic financial statements	$ 8,125,473

County of Patrick, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	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
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.019	Coronavirus Relief Fund
84.425	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, 2021

There were no prior year findings.