
COUNTY OF PATRICK, VIRGINIA

AUDIT PRESENTATION
FOR THE YEAR ENDED JUNE 30, 2024
FEBRUARY 24, 2025



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OVERVIEW OF AUDIT RESULTS & EXPLANATION OF FINANCIAL STATEMENTS

1. Independent Auditors' Report – opinion on the financial statements; the County received an unmodified opinion
2. Management's Discussion & Analysis – brief summary of the overall financial picture prepared by the County staff; includes good comparative data
3. Exhibit 1 – Statement of Net Position – full accrual
4. Exhibit 3 – Balance Sheet – modified accrual
5. Exhibit 9 – Statement of Cash Flows
6. Other opinions
7. Schedule of Expenditures of Federal Awards – SEFA
8. Schedule of Findings & Questioned Costs

REPORTED FINDINGS AND SIGNIFICANT RECOMMENDATIONS

1. State noncompliance findings:
 1. Lacking proper documentation and CPMT approvals for Children Services Act (CSA) payments.
2. Uniform Guidance (federal) noncompliance findings:
 1. School Board renovation project was not supported with required Davis-Bacon prevailing wage rate requirement documentation.
 2. County ARPA report to the Treasury was inaccurate based on time period reported (will correct itself with final reporting).
3. No other findings/qualifications issued
4. Other recommendations provided in separate letter

5-YEAR TREND INFORMATION – GOVERNMENT WIDE

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<i>Compounded Annual Growth Rate</i>
Primary Government Total						
Current Asset (excluding property tax receivable)	\$ 10,698,910	\$ 15,234,258	\$ 21,054,236	\$ 23,165,269	\$ 23,584,038	
Property Tax Receivable	4,956,364	4,760,566	5,373,001	5,408,735	5,819,217	
Non-Current Assets	43,258,530	42,053,522	40,747,592	39,591,764	38,099,566	
Total Assets	\$ 58,913,804	\$ 62,048,346	\$ 67,174,829	\$ 68,165,768	\$ 67,502,821	3.46%
Deferred Outflows of Resources	\$ 4,524,758	\$ 4,721,489	\$ 4,194,454	\$ 3,742,234	\$ 3,351,535	
Current Liabilities	\$ 5,074,909	\$ 5,237,658	\$ 6,488,407	\$ 6,010,158	\$ 5,966,717	
Non-Current Liabilities	40,063,785	39,767,389	33,674,592	33,716,061	31,621,347	
Total Liabilities	\$ 45,138,694	\$ 45,005,047	\$ 40,162,999	\$ 39,726,219	\$ 37,588,064	-4.47%
Deferred Inflows of Resources	\$ 5,678,711	\$ 5,496,691	\$ 10,103,021	\$ 7,855,842	\$ 7,572,535	
Net Investment in Capital Assets	\$ 9,614,724	\$ 9,784,882	\$ 9,878,106	\$ 10,056,717	\$ 9,910,945	
Restricted	266,782	401,785	1,742,485	3,012,044	2,094,341	
Unrestricted	2,739,651	6,081,430	9,482,672	11,257,180	13,688,471	49.51%
Total Net Position	\$ 12,621,157	\$ 16,268,097	\$ 21,103,263	\$ 24,325,941	\$ 25,693,757	19.45%
Current Ratio	2.11	2.91	3.24	3.85	3.95	

Source: Audited financial statements of Patrick County, VA for each respective year



5-YEAR TREND INFORMATION – GENERAL FUND

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<i>Compounded Annual Growth Rate</i>
Revenues:						
General property taxes	\$ 14,542,405	\$ 14,651,305	\$ 15,282,528	\$ 16,348,016	\$ 16,840,275	3.74%
Other local taxes	2,785,240	3,577,053	5,323,716	5,266,173	5,707,064	
Permits, privilege fees, and regulatory licenses	72,788	88,880	112,163	119,548	99,655	
Fines and forfeitures	20,401	37,064	28,594	21,981	19,411	
Revenue from the use of money and property	47,465	25,930	33,799	489,440	793,055	
Charges for services	558,090	538,435	795,317	697,792	880,470	
Miscellaneous	198,114	317,355	171,033	492,504	523,265	
Recovered costs	919,236	1,022,770	1,459,903	1,275,644	1,590,610	
Intergovernmental revenues	6,931,765	9,996,723	8,426,650	9,819,671	11,696,169	13.97%
 Total revenues	 26,075,504	 30,255,515	 31,633,703	 34,530,769	 38,149,974	 9.98%

Source: Audited financial statements of Patrick County, VA for each respective year



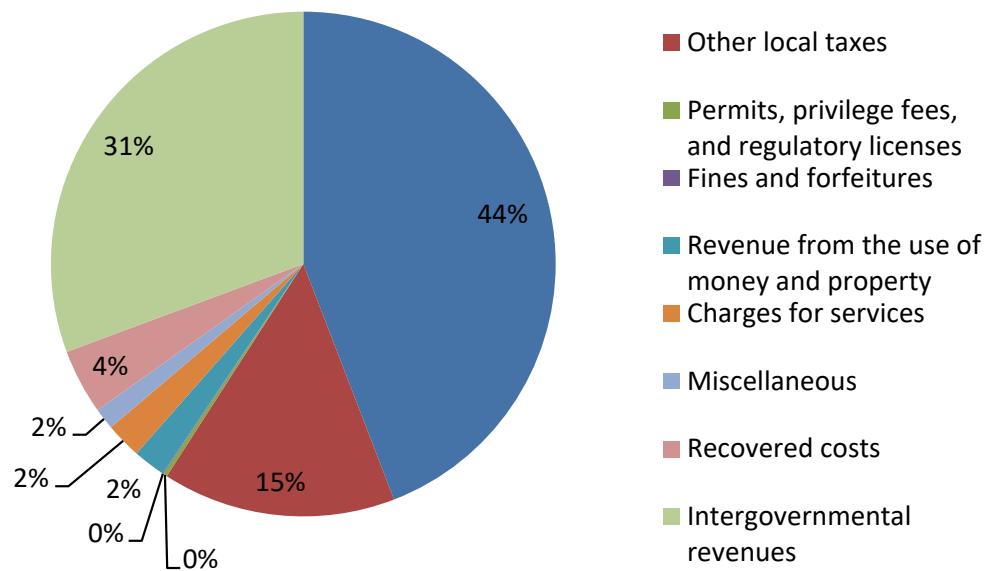
5-YEAR TREND INFORMATION – GENERAL FUND (CONT'D)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<i>Compounded Annual Growth Rate</i>
Expenditures						
General government administration	1,722,099	1,672,637	1,661,445	2,000,302	2,096,204	5.04%
Judicial administration	1,249,062	1,269,756	1,247,700	1,415,337	1,437,078	3.57%
Public safety	7,795,372	8,551,024	8,327,673	9,933,893	10,833,592	8.58%
Public works	1,519,158	1,951,110	1,650,557	1,966,141	1,950,205	6.44%
Health and welfare	2,988,596	3,214,619	3,767,388	4,562,988	6,764,891	22.66%
Education	4,767,759	4,550,396	6,300,931	7,331,168	9,595,819	19.11%
Parks, recreation, and cultural	508,802	535,378	557,735	643,037	643,963	6.07%
Community development	872,151	1,348,752	1,116,995	1,390,238	1,640,545	17.11%
Nondepartmental	-	264,006	21,000	-	-	
 Total operating expenditures	 21,422,999	 23,357,678	 24,651,424	 29,243,104	 34,962,297	 13.03%
 Capital projects	 140,619	 79,948	 35,438	 152,415	 374,688	
 Debt service:						
Principal retirement	929,347	1,302,911	1,486,987	1,445,618	1,543,035	
Interest and other fiscal charges	1,477,347	1,399,276	1,347,273	1,294,491	1,246,741	
 Total Debt Service	 2,406,694	 2,702,187	 2,834,260	 2,740,109	 2,789,776	 1.07%
 Total Expenditures	 23,970,312	 26,139,813	 27,521,122	 32,135,628	 38,126,761	 12.30%

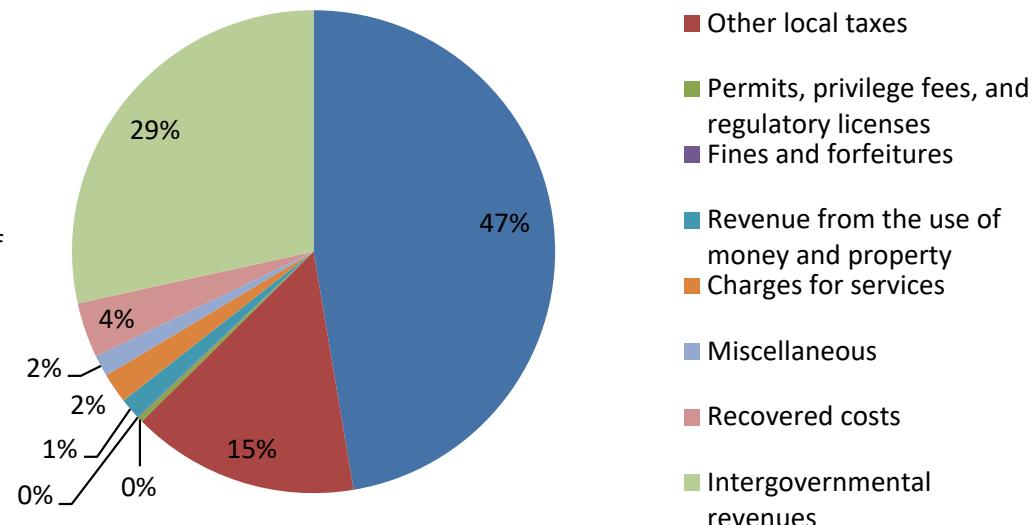
Source: Audited financial statements of Patrick County, VA for each respective year



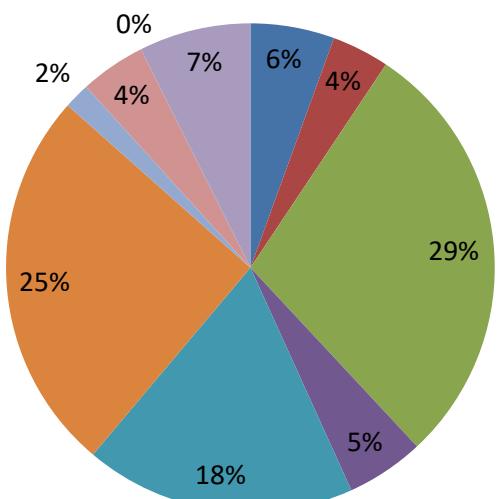
General Fund Revenues for Fiscal Year 2024



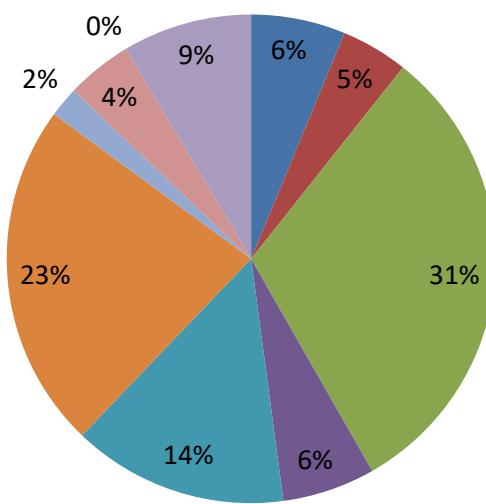
General Fund Revenues for Fiscal Year 2023



General Fund Operating & Debt Expenditures for Fiscal Year 2024



General Fund Operating & Debt Expenditures for Fiscal Year 2023



- General government administration
- Judicial administration
- Public safety
- Public works
- Health and welfare
- Education
- Parks, recreation, and cultural
- Community development
- Nondepartmental

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REVIEW OF COUNTY RESERVES

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<i>Compounded Annual Growth Rate</i>
Ending General Fund Balance	\$ 7,298,198	\$ 10,981,182	\$ 15,246,791	\$ 17,720,585	\$ 18,018,634	
Ending General Fund Cash Balance	\$ 7,933,424	\$ 11,269,141	\$ 16,345,418	\$ 18,828,478	\$ 17,974,717	
Total County operating expenditures (includes debt)	\$ 23,829,693	\$ 26,059,865	\$ 27,485,684	\$ 31,983,213	\$ 37,752,073	
School Board operating expenditures	26,874,769	29,477,401	35,662,684	41,227,781	40,187,811	10.58%
Transfer to School Board shown in County expenditures	(4,750,437)	(4,533,396)	(6,283,931)	(7,321,168)	(9,585,819)	19.19%
Net Government Operating Expenditures	\$ 45,954,025	\$ 51,003,870	\$ 56,864,437	\$ 65,889,826	\$ 68,354,065	10.44%
Ending Fund Balance as a % of Operating Expenditures	15.88%	21.53%	26.81%	26.89%	26.36%	
Ending Cash Balance as a % of Operating Expenditures	17.26%	22.09%	28.74%	28.58%	26.30%	
Unassigned Fund Balance	6,411,718	9,896,194	12,945,484	14,275,153	15,542,849	24.78%
Ending Unassigned FB as a % of Operating Expenditures	13.95%	19.40%	22.77%	21.67%	22.74%	12.99%

GFOA recommends a minimum unassigned fund balance of 2 months (or **16.67%**) of general operating expenditures as well as considering each local governments economics and planning (www.gfoa.org/fund-balance-guidelines-general-fund).

Source: Audited financial statements of Patrick County, VA for each respective year



REVIEW OF COUNTY DEBT BALANCES

Compounded
Annual

	2020	2021	2022	2023	2024	Compounded Annual Growth Rate
General Long-term Obligations						
General Obligation Debt	\$ 21,982,220	\$ 21,057,773	\$ 20,092,937	\$ 19,082,167	\$ 18,055,290	-4.80%
Deferred Items	1,723,376	1,549,346	1,383,404	1,226,507	1,079,690	
Literary Loans	765,000	645,000	525,000	450,000	375,000	
Lease Revenue Notes	10,966,000	10,778,000	10,503,000	10,168,000	9,785,000	
Net Pension Liability	4,730,533	6,041,253	1,676,804	3,072,875	2,411,512	-15.50%
Other Long-term Obligations	1,943,602	1,861,141	1,579,384	1,988,773	2,246,354	
County Long-term Obligations	\$ 42,110,731	\$ 41,932,513	\$ 35,760,529	\$ 35,988,322	\$ 33,952,846	-5.24%
School Long-term Obligations						
Net Pension Liability	20,466,672	22,147,866	11,226,215	13,771,546	15,120,663	-7.29%
Net OPEB Liabilities	6,591,185	6,491,750	5,957,208	7,085,201	7,102,931	
Other Long-term Obligations	693,084	583,728	521,930	504,480	472,652	
School Long-term Obligations	\$ 27,750,941	\$ 29,223,344	\$ 17,705,353	\$ 21,361,227	\$ 22,696,246	-4.90%
Total Long-term Obligations	\$ 69,861,672	\$ 71,155,857	\$ 53,465,882	\$ 57,349,549	\$ 56,649,092	-5.11%
Population (census or APA estimate)	17,790	17,608	17,608	17,608	17,608	
Debt per capita	\$ 3,927	\$ 4,041	\$ 3,036	\$ 3,257	\$ 3,217	
State Averages	\$ 4,222	\$ 4,501	\$ 3,766	\$ 4,063	\$ 4,063	

Source: Audited financial statements of Patrick County, VA for each respective year

SIGNIFICANT ESTIMATE – VIRGINIA RETIREMENT SYSTEM NET PENSION LIABILITY

The following table presents the net pension (asset) liability of the County and School Board using discount rates utilized by each pension plan as well as what the net pension (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate		
	(5.75%)	(6.75%)	(7.75%)
Virginia Retirement System Plan			
County's net pension liability (asset)	\$ 6,989,828	\$ 2,411,512	\$ (1,324,089)
School Board's net pension liability (asset) (Teachers Pool)	\$ 26,573,707	\$ 14,991,006	\$ 5,469,073
School Board's net pension liability (asset) (Non-professional employees)	\$ 1,049,087	\$ 129,657	\$ (689,576)

-The County and School Board will present a net pension asset or liability for the difference between investments held in trust and the present value of projected pension benefits owed. Normally, the reported net pension asset or liability will be based on an actuarial valuation from the prior fiscal year. (i.e. net pension assets and liabilities reported at June 30, 2024 were based on measurement at June 30, 2023).

-Contributions to pension plans after the valuation date, but before the end of the fiscal year are not reported as expenses, rather they are reported as deferred outflows in the statement of net position (balance sheet).

-Investment earnings in any given year that exceed or fall short of each pension plan's projected earnings rate (6.75% for VRS) are reported as deferred inflows or outflows in the statement of net position (balance sheet) and amortized over future periods (currently 5 years).

-Changes in expected and actual experience and changes in proportion are reported as deferred inflows or outflows in the statement of net position and amortized over future periods (currently 5 years).

Source: Audited financial statements of Patrick County, VA for each respective year

UPCOMING STANDARDS FROM GASB

1. Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.
2. Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.
3. Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

QUESTIONS?

We appreciate the opportunity to work with the County and really appreciate the efforts of the County staff to assist us during the audit.

