County of Patrick, Virginia

Financial Statements

For the Year Ended June 30, 2019

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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BOARD OF SUPERVISORS

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Commonwealth's Attorney............ Stephanie Brinegar-Vipperman
Commissioner of the Revenue .... Janet H. Rorrer
Treasurer .... Sandra K. Stone
Sheriff............ Dan Smith
Superintendent of Schools............ Dr. William D. Sroufe
Director of Social Services............ Joan V. Rogers
County Administrator............ Tom Rose
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, 2019, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of June 30, 2019, 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 25 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. 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, 99, and 100-118, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Supplementary and Other Information (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, 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
November 25, 2019

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, 2019. 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 $9,734,871 (net position). Of this amount, $2,357,761 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 $4,362,597 (net position). Of this amount, $178,645 was considered unrestricted.

  In fiscal year 2018, the assets and outflows of resources for the County's business-type activities exceeded its liability and deferred inflow of resources at the close of the fiscal year by $1,189,071 (net position). The significant increase in the current fiscal year is due to the debt restructuring, which included the payoff of the USDA Rural Development PSA bonds.

- 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 ($18,065,829) (net position).

- The assets of the EDA component unit exceeded its liabilities at the close of the fiscal year by $2,965,277 (net position). Of this amount, $1,393,566 was considered unrestricted.

- As of the close of the current fiscal year, the County reported combined ending fund balances of $5,910,638. This is $215,496 more than the prior fiscal year total fund balances. Of the current fiscal year fund balances, $4,924,895 was considered unassigned, $64,010 was considered nonspendable prepaid items, $111,993 was considered restricted, and $809,740 was considered assigned to specific funds.

  When compared to the prior fiscal year, unassigned balances increased by $151,749, nonspendable prepaid items by $7,146, and assigned fund balances by $186,677. The increase in assigned fund balances was mainly transfers made from the General Fund to the Fire & Rescue Equipment Fund to hold unrequired capital funds budgeted in the current fiscal year for volunteer fire departments and rescue squads. (Funds are budgeted and payable to squads after proof of need on a rotating basis.)

  A comparison of restricted fund balance from the current to the prior fiscal year shows a decrease of $130,076. This is mainly attributable to transfers from the Transient Occupancy Tax Fund to the General Fund to offset Tourism Department expenditures.

- During the year, the County's governmental fund expenditures exceeded revenues by $3,246,444. This is a significant increase over the prior fiscal year when expenditures exceeded revenues by $1,314,668. The major cause of this deficiency is the refinancing of debt service in the current fiscal year, which included principal retirement, interest and other fiscal charges, and bond issuance costs.

- In September 2018, the County contracted with Davenport & Associates to issue an RFP for a Revenue Anticipate Note due to management's concern of depleting the Contingency Fund and possibly lacking funds to meet county obligations between the two property tax collection dates. The Board of Supervisors at its October 15, 2018, meeting voted 4:1 to authorize a resolution to approve the issuance of a 2018 RAN in the amount of $3,500,000. It is noted that the County finances remained adequately sufficient during the fiscal year so that only the minimum amount required by the financial institution of $50,100 was drafted from the RAN. This amount, plus interest, was repaid to the financial institution by the June 30, 2019, deadline.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the Governmental Fund Balance Sheet (exhibit 3) and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (exhibit 5) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget (exhibit 11).

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

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

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

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

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

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

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 $14,097,468 at the close of the most recent fiscal year.

The largest portion of the County's net position, $11,449,069, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and construction in progress), less any outstanding debt related to the acquisition of those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted portions of the County's net position are as follows: $3,691 for Fred Clifton Park, $47,559 for Asset Forfeiture, and $60,743 for Transient Occupancy. The remaining balance of Net Position, $2,536,406, 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 2019 and 2018.

	Governmental and Business-type Activities	
	2019	2018
Current assets	$ 13,082,778	$ 12,318,096
Capital assets	46,101,728	47,616,054
Total assets	$ 59,184,506	$ 59,934,150
Deferred outflows of resources	$ 3,730,670	$ 2,996,234
Current liabilities	$ 3,072,818	$ 3,777,147
Long-term liabilities	40,013,755	40,029,654
Total liabilities	$ 43,086,573	$ 43,806,801
Deferred inflows of resources	$ 5,731,135	$ 5,022,330
Net position		
Net investement in capital assets	$ 11,449,069	$ 11,325,580
Restricted	111,993	377,697
Unrestricted	2,536,406	2,397,976
Total net position	$ 14,097,468	$ 14,101,253

In fiscal year 2016, the County's total net position was $16,449,630. In fiscal year 2017, the County's total net position was $15,778,937. Over the four-year fiscal period, the County's net position has continued to decline.

The following table summarizes the County's Statement of Activities for 2019 and 2018.

Statement of Activities:	Governmental and Business-type Activities			
	2019		2018	
Program revenues				
Charges for services	$	782,916	$	641,165
Operating grants and contributions		5,271,790		4,994,023
Capital grants and contributions		-		-
General revenues				
Property taxes		13,638,445		12,395,028
Other taxes		2,630,959		2,580,028
Revenue from use of money and property		53,353		45,120
Miscellaneous		88,385		92,938
Grants and contributions not restricted to specific programs		1,284,487		1,317,641
Total revenues	$	23,750,335	$	22,065,943
Expenses				
General government	$	1,109,138	$	960,130
Judicial administration		1,181,361		997,212
Public safety		7,744,249		6,908,864
PSA		340,801		344,782
Public works		1,667,628		1,776,480
Health and welfare		2,943,181		2,549,728
Education		5,642,790		6,620,767
Parks, recreation and cultural		685,720		612,278
Community development		953,239		1,018,079
Interest on long-term debt		1,486,013		1,310,762
Total expenses	$	23,754,120	$	23,099,082
Change in net position	$	(3,785)	$	(1,033,139)

The above chart does not include the transfer of $3,409,060, as shown in Exhibit 2, which includes transfers from the General Fund to the PSA Water Fund and PSA Sewer Fund. Prior to the refinancing of the County's debt service, $56,124 was transferred from the General Fund to the PSA Water Fund to assist with debt service payments. $119,625 was transferred from the General Fund to the PSA Sewer Fund for this same reason. The balance of the Transfers amount, $3,233,311, is the amount of the USDA Rural Development PSA debt paid by the County as part of the debt service restructuring.

In fiscal year 2016, the County's change in net position was $237,739. In fiscal year 2017, the County's change in net position was ($607,693). In fiscal years 2017 and 2018, the county's change in net position also revealed a deficit. However, fiscal year 2019 shows the change near the 2016 amount. For the first time since 2016, revenues have exceeded expenses in the Statement of Activities. This is due to the increase in the property tax rate for the second half of the fiscal year 2019 collections. The property tax rate was increased by .11 per $100 of assessed value (from .57 to .68). Based on the amount of General Property Taxes in the Statement of Activities (exhibit 2) in the current fiscal year report versus the prior fiscal year report, the rate increase and an incremental assessment increase produced additional property tax revenue of $1,243,417.

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 $5,910,638. Approximately 1.1% of this total amount, $64,010, constitutes nonspendable amounts for prepaid items, 1.9% of the total amount, $111,993, constitutes restricted fund balance, and 13.7% of the total amount, $809,740, 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, $4,924,895, or 83.3%, 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 $5,863,079. Of this amount, $4,924,895 was considered unassigned.

Total governmental fund revenues for fiscal year ended June 30, 2019, increased $1,612,835 and expenditures increased $3,544,611 over prior fiscal year amounts. The increase in revenue from the prior fiscal year to the current is mostly due to the .11 increase in the property tax rate for the second half collections in fiscal year 2019. The rate increased from .57 to .68 per $100 of assessed value. Property tax revenues increased by $1,326,711 from fiscal year 2018 to 2019 when comparing the Statement of Revenues, Expenditures, and Changes in Fund Balances (exhibit 5) in the respective fiscal year reports. While revenue for other local taxes, fines and forfeitures, revenue for the use of money and property, and charges for services increased slightly, these increases were mostly offset by decreased revenue for permits, fees, and licenses, miscellaneous and recovered costs when compared to the prior fiscal year. Fiscal year 2019 federal and state revenues increased from fiscal year 2018.

The increase in County expenditures from the prior fiscal year to the current was due to the retirement of debt. At the May 28, 2019, Board of Supervisors meeting, the Board of Supervisors unanimously approved a resolution to restructure the county's debt. The restructuring was finalized on June 10, 2019, and included issuance of a bond to refinance a portion of the financing lease between the County and VRA (Virginia Resources Authority) for the jail construction. A second bond was issued to refinance a portion of the financing lease between the County and VRA for the jail construction, refinancing of the 2009 VPSA school capital projects, and refinancing of two lease-purchase agreements by the Patrick County School Board.

The charts below summarize the increases in revenues and expenditures of the governmental funds by category.

The following table summarizes the County's governmental funds revenues for 2019 and 2018.

Revenues:	Governmental Funds	
	2019	2018
General Fund:		
From local sources:		
General property taxes	$ 13,685,589	$ 12,358,878
Other local taxes	2,630,959	2,580,028
Permits, fees & licenses	68,349	80,507
Court fines & forfeitures	28,190	20,530
Use of money & property	52,645	44,552
Charges for services	551,942	414,901
Miscellaneous	88,385	92,938
Recovered costs	819,194	964,697
Total revenue from local sources	17,925,253	16,557,031
From the Commonwealth:		
Noncategorical aid	1,169,611	1,203,783
Shared expenses	2,818,120	2,788,492
State welfare funds	496,167	494,704
Children's services	486,577	326,817
Grants	245,994	173,884
Total from the Commonwealth	5,216,469	4,987,680
From the Federal Government:		
Noncategorical aid	114,876	113,858
Federal welfare funds	1,035,682	991,914
Children's services	16,275	27,695
Grants	172,975	190,517
Total from the Federal Gov't	1,339,808	1,323,984
Total governmental fund revenues	$ 24,481,530	$ 22,868,695

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The following table summarizes the County's governmental funds expenditures for 2019 and 2018.

Expenditures:	Governmental Funds	
	2019	2018
General Fund:		
Board of supervisors	$ 62,627	$ 63,409
General & financial administration	1,279,039	1,256,777
Board of elections	99,506	120,675
Courts	688,692	602,629
Commonwealth Attorney	450,745	447,007
Law enforcement & traffic control	3,393,049	3,266,065
Fire & rescue services	1,532,033	1,785,784
Correction & detention	2,006,113	1,968,646
Building inspections	156,245	142,928
Other public safety	448,715	576,663
Sanitation & waste removal	676,116	683,089
Maintenance of buildings and grounds	836,312	940,171
Health & welfare	2,891,408	2,639,148
Education	4,691,554	5,669,531
Parks, recreation & cultural	513,155	579,790
Community development	927,193	1,028,313
Capital projects	268,442	194,234
Debt service	6,787,148	2,202,987
Asset Forfeiture Fund	19,882	15,517
Total Expenditures	$ 27,727,974	$ 24,183,363

For the fiscal year ended June 30, 2019, expenses exceeded revenues by $3,246,444, as compared to the fiscal year ended June 30, 2018, in which expenses exceeded revenues by $1,314,668. The large increase in expenditures is attributable to the debt service principal retirement, interest, and bond issuance costs.

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General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital Assets – The County's investment in capital assets for its governmental funds as of June 30, 2019 amounts to $41,917,776 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for business-type activities amounts to $4,183,952 (net of accumulated depreciation). Capital asset activity for the school board component as of June 30, 2019, amounts to $9,028,547 (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	$ 22,646,103
Lease Revenue Bonds	10,966,000
Bond Premiums	1,904,657
Literary Loans	960,000
Capital Leases	211,392
Compensated Absences	745,911
Net Pension Liability	3,308,584
Net OPEB Obligation	941,169
Total	$ 41,683,816

The County issued lease revenue bonds on June 20, 2019, as directed in a resolution by the Board of Supervisors to refinance the County's current debt. The two bonds issued were for $6,084,000 and $787,000, with interest rates of 3.14% and 3.50% respectively. The net proceeds of the two bonds paid current balances of USDA Rural Development PSA bonds, a lease for school buses, a school energy lease, and partial amounts for the Jail construction bond and 2015 general obligation bond for school upgrades. The debt restructuring of the selected outstanding debts was an effort to improve cash flow and to gain interest rate savings. As a result of the refinancing, the total debt service payment is reduced by $149,736 over the next 32 years and the county will see an economic gain of $73,298 (based on the difference between the present value of the old and new debt).

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 E-911 software. The asset value of the lease is $232,628 (net of accumulated depreciation). The present value of the lease agreements is $211,392 as of June 30, 2019. Note 7 provides additional details of the future minimum lease obligation.

Long-Term Obligations – Component Unit-School Board

Capital leases	$	327,168
Compensated Absences		450,850
Net pension liability		19,368,868
Net OPEB liabilities		6,210,504
Total	$	26,357,390

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.

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 2019 unemployment rate for the County of Patrick, Virginia was 3.5%, which is a decrease from the rate of 4.3% in June 2018.

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, 2019

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	$ 3,215,524	$ 180,680	$ 3,396,204	$ 1,054,644	$ 343,883
Cash in custody of others	2,862	-	2,862	200	-
Investments	2,695,645	-	2,695,645	80,104	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,015,698	-	5,015,698	-	-
Other local taxes	142,270	-	142,270	-	-
Accounts receivable	155,381	17,539	172,920	133,048	-
Due from component units	751,140	-	751,140	-	-
Due from other governmental units	842,029	-	842,029	543,960	-
Inventories	-	-	-	42,150	-
Prepaid items	64,010	-	64,010	213,681	5,883
Inventory: Industrial sites held for resale	-	-	-	-	1,043,800
Capital assets (net of accumulated depreciation):					
Land	1,197,264	-	1,197,264	561,748	85,000
Buildings and improvements	38,890,691	-	38,890,691	6,883,959	1,477,555
Machinery and equipment	1,829,821	-	1,829,821	1,415,064	9,156
Infrastructure	-	4,183,952	4,183,952	-	-
Construction in progress	-	-	-	167,776	-
Total assets	$ 54,802,335	$ 4,382,171	$ 59,184,506	$ 11,096,334	$ 2,965,277
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	$ 2,035,493	$ -	$ 2,035,493	$ -	$ -
Pension related items	1,471,783	-	1,471,783	2,291,249	-
OPEB related items	223,394	-	223,394	483,774	-
Total deferred outflows of resources	$ 3,730,670	$ -	$ 3,730,670	$ 2,775,023	$ -
LIABILITIES					
Accounts payable	$ 430,648	$ 4,934	$ 435,582	$ 179,452	$ -
Accrued wages	68,825	-	68,825	1,007,610	-
Estimate of incurred but not reported health claims	359,866	-	359,866	-	-
Accrued interest payable	523,844	-	523,844	5,386	-
Due to primary government	-	-	-	751,140	-
Customer deposits	-	14,640	14,640	-	-
Long-term liabilities:					
Due within one year	1,670,061	-	1,670,061	444,545	-
Due in more than one year	40,013,755	-	40,013,755	25,912,845	-
Total liabilities	$ 43,066,999	$ 19,574	$ 43,086,573	$ 28,300,978	$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	$ 5,351,448	$ -	$ 5,351,448	$ -	$ -
Pension related items	328,910	-	328,910	3,044,757	-
OPEB related items	50,777	-	50,777	591,451	-
Total deferred inflows of resources	$ 5,731,135	$ -	$ 5,731,135	$ 3,636,208	$ -
NET POSITION					
Net investment in capital assets	$ 7,265,117	$ 4,183,952	$ 11,449,069	$ 8,701,379	$ 1,571,711
Restricted					
Fred Clifton Park	3,691	-	3,691	-	-
Asset Forfeiture	47,559	-	47,559	-	-
Transient Occupancy	60,743	-	60,743	-	-
School cafeteria	-	-	-	87,435	-
Unrestricted	2,357,761	178,645	2,536,406	(26,854,643)	1,393,566
Total net position	$ 9,734,871	$ 4,362,597	$ 14,097,468	$ (18,065,829)	$ 2,965,277

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

County of Patrick, Virginia
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
			Operating	Capital	Primary Government			Component Units	
		Charges for	Grants and	Grants and	Governmental	Business-type			
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total	School Board	EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 1,109,138	$ 12,906	$ 229,159	$ -	$ (867,073)	$ -	$ (867,073)	$ -	$ -
Judicial administration	1,181,361	58,253	494,550	-	(628,558)	-	(628,558)	-	-
Public safety	7,744,249	321,781	2,500,405	-	(4,922,063)	-	(4,922,063)	-	-
Public works	1,667,628	260,457	8,475	-	(1,398,696)	-	(1,398,696)	-	-
Health and welfare	2,943,181	-	2,034,701	-	(908,480)	-	(908,480)	-	-
Education	5,642,790	-	-	-	(5,642,790)	-	(5,642,790)	-	-
Parks, recreation, and cultural	685,720	24,960	4,500	-	(656,260)	-	(656,260)	-	-
Community development	953,239	-	-	-	(953,239)	-	(953,239)	-	-
Interest on long-term debt	1,486,013	-	-	-	(1,486,013)	-	(1,486,013)	-	-
Total governmental activities	$ 23,413,319	$ 678,357	$ 5,271,790	$ -	$ (17,463,172)	$ -	$ (17,463,172)	$ -	$ -
Business-type activities:									
Public Service Authority	$ 341,401	$ 104,559	$ -	$ 600	$ -	$ (236,242)	$ (236,242)	$ -	$ -
Total business-type activities	$ 341,401	$ 104,559	$ -	$ 600	$ -	$ (236,242)	$ (236,242)	$ -	$ -
Total primary government	$ 23,754,720	$ 782,916	$ 5,271,790	$ 600	$ (17,463,172)	$ (236,242)	$ (17,699,414)	$ -	$ -
COMPONENT UNIT:									
School Board	$ 27,728,797	$ 339,379	$ 21,487,675	$ 237,270	$ -	$ -	$ -	$ (5,664,473)	$ -
EDA	79,361	-	-	-	-	-	-	-	(79,361)
Total component units	$ 27,808,158	$ 339,379	$ 21,487,675	$ 237,270	$ -	$ -	$ -	$ (5,664,473)	$ (79,361)
General revenues:									
General property taxes					$ 13,638,445	$ -	$ 13,638,445	$ -	$ -
Other local taxes:									
Local sales and use taxes					1,182,111	-	1,182,111	-	-
Consumers' utility taxes					408,760	-	408,760	-	-
Gross receipts					4,970	-	4,970	-	-
Consumption taxes					57,039	-	57,039	-	-
Motor vehicle licenses					457,281	-	457,281	-	-
Bank stock taxes					24,902	-	24,902	-	-
Taxes on recordation and wills					92,004	-	92,004	-	-
Hotel and motel room taxes					403,892	-	403,892	-	-
Unrestricted revenues from use of money and property					52,645	708	53,353	2,994	183,896
Miscellaneous					88,385	-	88,385	587,569	-
Contribution from Patrick County, Virginia					-	-	-	5,625,468	-
Grants and contributions not restricted to specific programs					1,284,487	-	1,284,487	-	-
Transfers					(3,409,060)	3,409,060	-	-	-
Total general revenues and transfers					$ 14,285,861	$ 3,409,768	$ 17,695,629	$ 6,216,031	$ 183,896
Change in net position					$ (3,177,311)	$ 3,173,526	$ (3,785)	$ 551,558	$ 104,535
Net position - beginning					12,912,182	1,189,071	14,101,253	(18,617,387)	2,860,742
Net position - ending					$ 9,734,871	$ 4,362,597	$ 14,097,468	$ (18,065,829)	$ 2,965,277

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

Exhibit 3

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	General	Nonmajor Asset Forfeiture	Total
ASSETS			
Cash and cash equivalents	$ 2,905,550	$ 19,261	$ 2,924,811
Cash in custody of others	2,862	-	2,862
Investments	2,532,456	28,298	2,560,754
Receivables (net of allowance for uncollectibles)			
Taxes receivable	5,015,698	-	5,015,698
Other local taxes	142,270	-	142,270
Accounts receivable	155,381	-	155,381
Due from component unit	751,140	-	751,140
Due from other governmental units	842,029	-	842,029
Prepaid items	64,010	-	64,010
Total assets	$ 12,411,396	$ 47,559	$ 12,458,955
LIABILITIES			
Accounts payable	$ 406,252	$ -	$ 406,252
Accrued liabilities	68,825	-	68,825
Total liabilities	$ 475,077	$ -	$ 475,077
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	$ 6,073,240	$ -	$ 6,073,240
FUND BALANCES			
Nonspendable - prepaid items	$ 64,010	$ -	$ 64,010
Restricted:			
Fred Clifton Park	3,691	-	3,691
Asset Forfeiture	-	47,559	47,559
Transient Occupancy	60,743	-	60,743
Assigned:			
Law Library	20,167	-	20,167
Courthouse Maintenance	12,402	-	12,402
Courthouse Security	3,212	-	3,212
Fire Programs	148,569	-	148,569
Four for Life	51,197	-	51,197
Spay and Neuter	375	-	375
Fire and Rescue Equipment	354,306	-	354,306
Capital Depreciation	182,797	-	182,797
Skate Park	19,098	-	19,098
Sheriff/Jail	17,617	-	17,617
Unassigned	4,924,895	-	4,924,895
Total fund balances	$ 5,863,079	$ 47,559	$ 5,910,638
Total liabilities, deferred inflows of resources, and fund balances	$ 12,411,396	$ 47,559	$ 12,458,955

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

County of Patrick, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 5,910,638
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	38,890,691	
Machinery and equipment	1,829,821	41,917,776
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue		721,792
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.		41,342
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	$ 2,035,493	
Pension related items	1,471,783	
OPEB related items	223,394	3,730,670
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	$ (1,904,657)	
Accrued interest payable	(523,844)	
Compensated absences	(745,911)	
Net pension liability	(3,308,584)	
Net OPEB liabilities	(941,169)	
Capital leases	(211,392)	
Literary loans	(960,000)	
Lease revenue bonds	(10,966,000)	
General obligation bonds	(22,646,103)	(42,207,660)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (328,910)	
OPEB related items	(50,777)	(379,687)
Net position of governmental activities		$ 9,734,871

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

County of Patrick, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Nonmajor Asset Forfeiture	Total
REVENUES			
General property taxes	$ 13,685,589	$ -	$ 13,685,589
Other local taxes	2,630,959	-	2,630,959
Permits, privilege fees, and regulatory licenses	68,349	-	68,349
Fines and forfeitures	28,190	-	28,190
Revenue from the use of money and property	51,894	751	52,645
Charges for services	551,942	-	551,942
Miscellaneous	88,385	-	88,385
Recovered costs	819,194	-	819,194
Intergovernmental:			
Commonwealth	5,206,169	10,300	5,216,469
Federal	1,339,808	-	1,339,808
Total revenues	$ 24,470,479	$ 11,051	$ 24,481,530
EXPENDITURES			
Current:			
General government administration	$ 1,441,172	$ -	$ 1,441,172
Judicial administration	1,139,437	-	1,139,437
Public safety	7,536,155	19,882	7,556,037
Public works	1,512,428	-	1,512,428
Health and welfare	2,891,408	-	2,891,408
Education	4,691,554	-	4,691,554
Parks, recreation, and cultural	513,155	-	513,155
Community development	927,193	-	927,193
Capital projects	268,442	-	268,442
Debt service:			
Principal retirement	5,050,696	-	5,050,696
Interest and other fiscal charges	1,557,704	-	1,557,704
Bond issuance costs	178,748	-	178,748
Total expenditures	$ 27,708,092	$ 19,882	$ 27,727,974
Excess (deficiency) of revenues over (under) expenditures	$ (3,237,613)	$ (8,831)	$ (3,246,444)
OTHER FINANCING SOURCES (USES)			
Transfers out	$ (3,409,060)	$ -	$ (3,409,060)
Issuance of refunding lease revenue bonds	6,871,000	-	6,871,000
Total other financing sources (uses)	$ 3,461,940	$ -	$ 3,461,940
Net change in fund balances	$ 224,327	$ (8,831)	$ 215,496
Fund balances - beginning	5,638,752	56,390	5,695,142
Fund balances - ending	$ 5,863,079	$ 47,559	$ 5,910,638

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, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 215,496
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	$ 344,378	
Depreciation expense	(1,732,367)	(1,387,989)
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		(17,268)
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.		
Issuance of debt:		
Refunding lease revenue bonds	$ (6,871,000)	
Principal repayments:		
General obligation bonds	1,073,078	
Lease revenue bonds	1,250,000	
Literary loans	195,000	
Capital leases	2,532,618	(1,820,304)
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	$ (40,216)	
Amortization of bond premium	278,861	
Amortization of deferred amount on refunding	(101,774)	
Change in accrued interest payable	73,352	
Change in net pension liability and related deferred items	220,340	
Change in net OPEB liabilities and related deferred items	(24,178)	406,385
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.		(573,631)
Change in net position of governmental activities		$ (3,177,311)

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, 2019

	Public Service Authority Water Fund	Public Service Authority Sewer Fund	Public Service Authority Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 88,770	$ 91,910	$ 180,680	$ 290,713
Investments	-	-	-	134,891
Accounts receivables, net of allowances for uncollectibles	14,799	2,740	17,539	-
Total current assets	$ 103,569	$ 94,650	$ 198,219	$ 425,604
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Infrastructure	$ 1,620,870	$ 2,563,082	$ 4,183,952	$ -
Total noncurrent assets	$ 1,620,870	$ 2,563,082	$ 4,183,952	$ -
Total assets	$ 1,724,439	$ 2,657,732	$ 4,382,171	$ 425,604
LIABILITIES				
Current liabilities:				
Estimate of incurred but not reported health claims	$ -	$ -	$ -	$ 359,866
Accounts payable	3,907	1,027	4,934	24,396
Customers' deposits	11,428	3,212	14,640	-
Total liabilities	$ 15,335	$ 4,239	$ 19,574	$ 384,262
NET POSITION				
Investment in capital assets	$ 1,620,870	$ 2,563,082	$ 4,183,952	$ -
Unrestricted	88,234	90,411	178,645	41,342
Total net position	$ 1,709,104	$ 2,653,493	$ 4,362,597	$ 41,342

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, 2019

	Public Service Authority			Internal
	Water Fund	Sewer Fund	Total	Service Fund
OPERATING REVENUES				
Charges for services:				
Water revenues	$ 82,005	$ -	$ 82,005	$ -
Sewer revenues	-	22,554	22,554	-
Insurance premiums	-	-	-	3,978,214
Total operating revenues	$ 82,005	$ 22,554	$ 104,559	$ 3,978,214
OPERATING EXPENSES				
Administration	$ 9,124	$ 8,401	$ 17,525	$ -
Purchase of water	36,366	-	36,366	-
Purchase of sewer	-	13,853	13,853	-
Pump station maintenance	5,446	-	5,446	-
Depreciation	49,851	76,486	126,337	-
Insurance claims and expenses	-	-	-	4,558,298
Total operating expenses	$ 100,787	$ 98,740	$ 199,527	$ 4,558,298
Operating income (loss)	$ (18,782)	$ (76,186)	$ (94,968)	$ (580,084)
NONOPERATING REVENUES (EXPENSES)				
Interest income	$ 343	$ 365	$ 708	$ 6,453
Tap fees	600	-	600	-
Interest expense	(57,782)	(84,092)	(141,874)	-
Total nonoperating revenues (expenses)	$ (56,839)	$ (83,727)	$ (140,566)	$ 6,453
Income (loss) before transfers	$ (75,621)	$ (159,913)	$ (235,534)	$ (573,631)
Transfers in	$ 1,371,384	$ 2,037,676	$ 3,409,060	$ -
Change in net position	$ 1,295,763	$ 1,877,763	$ 3,173,526	$ (573,631)
Total net position - beginning	413,341	775,730	1,189,071	614,973
Total net position - ending	$ 1,709,104	$ 2,653,493	$ 4,362,597	$ 41,342

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, 2019

	Public Service Authority			Internal
	Water Fund	Sewer Fund	Total	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for insurance premiums	$ -	$ -	$ -	$ 3,978,214
Receipts from customers and users	86,701	24,638	111,339	-
Payments to suppliers	(50,949)	(23,298)	(74,247)	-
Payments for premiums	-	-	-	(4,438,594)
Net cash provided by (used for) operating activities	$ 35,752	$ 1,340	$ 37,092	$ (460,380)
CASH FLOWS FROM NONCAPITAL FINANCING ACTVITIES				
Transfers from other funds	$ 1,371,384	$ 2,037,676	$ 3,409,060	$ -
Net cash provided by (used for) noncapital financing activities	$ 1,371,384	$ 2,037,676	$ 3,409,060	$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on bonds	$ (1,336,270)	$ (1,944,762)	$ (3,281,032)	$ -
Contributions in aid of construction	600	-	600	-
Interest expense	(58,514)	(85,158)	(143,672)	-
Net cash provided by (used for) financing activities	$ (1,394,184)	$ (2,029,920)	$ (3,424,104)	$ -
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	$ 343	$ 365	$ 708	$ 6,453
Net cash provided by (used for) investing activities	$ 343	$ 365	$ 708	$ 6,453
Net increase (decrease) in cash and cash equivalents	$ 13,295	$ 9,461	$ 22,756	$ (453,927)
Cash and cash equivalents - beginning (including restricted cash of $149,788)	75,475	82,449	157,924	879,531
Cash and cash equivalents - ending	$ 88,770	$ 91,910	$ 180,680	$ 425,604
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (18,782)	$ (76,186)	$ (94,968)	$ (580,084)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	$ 49,851	$ 76,486	$ 126,337	$ -
(Increase) decrease in accounts receivable	4,031	2,269	6,300	-
Increase (decrease) in customer deposits	665	(185)	480	-
Increase (decrease) in accounts payable	(13)	(1,044)	(1,057)	119,704
Total adjustments	$ 54,534	$ 77,526	$ 132,060	$ 119,704
Net cash provided by (used for) operating activities	$ 35,752	$ 1,340	$ 37,092	$ (460,380)

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, 2019

		Agency Funds
ASSETS		
Cash and cash equivalents	$	33,725
Receivables:		
Other receivables		3,949
Total assets	$	37,674
LIABILITIES		
Accounts payable	$	3,729
Amounts held for Social Services clients		3,377
Amounts held for DeHart Cemetery		6,000
Amounts held for inmates		24,568
Total liabilities	$	37,674

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 eight 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, 2019, 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, 2019, 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, and Transient Occupancy Tax.

The government reports the following nonmajor governmental funds:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

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

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

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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").

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contacts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other 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)

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 $106,929 at June 30, 2019 and is comprised of property taxes ($71,395), water charges ($34,424) and sewer charges ($1,110).

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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

14. Other Postemployment Benefits (OPEB)

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

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

15. Net Position

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

The County's net position is classified as follows:

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

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

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

16. Net Position Flow Assumption

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

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, 2019, there were no funds/departments that over expended appropriations.

C. Deficit fund equity

At June 30, 2019, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, 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, 2019 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	
Local Government Investment Pool (LGIP)	$	2,775,749

Concentration of Credit Risk:

At June 30, 2019, 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 investment rate risk and their corresponding maturity dates.

Investment Type	Fair Value		Less than 1 year	
Local Government Investment Pool (LGIP)	$	2,775,749	$	2,775,749

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:	$ -	$ 8,874
Franklin County, Virginia		
Commonwealth of Virginia:		
State sales tax	-	318,222
Local sales tax	206,725	-
Noncategorical aid	76,047	-
Categorical aid - shared expenses	240,002	-
Categorical aid - VPA funds	39,765	-
Categorical aid - CSA funds	107,924	-
Categorical aid - other	66,331	59,157
Federal Government:		
Categorical aid - VPA funds	79,152	157,707
Categorical aid - other	26,083	-
Totals	$ 842,029	$ 543,960

Note 5-Interfund/Component-unit Obligations:

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 3,409,060
Water Fund	1,371,384	-
Sewer Fund	2,037,676	-
Total	$ 3,409,060	$ 3,409,060

In fiscal year 2019, the County transferred funds to pay off the USDA Rural Development loans as part of the County's bond refunding process.

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

Interfund/component unit obligations at June 30, 2019, consisted of the following:

Fund		Due from Primary Government/ Component Unit		Due to Primary Government/ Component Unit
Primary Government:				
General Fund	$	751,140	$	-
Component Unit - School Board:				
School Operating Fund	$	-	$	751,140

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, 2019.

		Beginning Balance		Increases/ Issuances		Decreases/ Retirements		Ending Balance
Direct borrowings and direct placements:								
General obligation bonds	$	23,719,181	$	-	$	(1,073,078)	$	22,646,103
Lease revenue bonds		5,345,000		6,871,000		(1,250,000)		10,966,000
Bond premiums		2,183,518		-		(278,861)		1,904,657
Literary loans		1,155,000		-		(195,000)		960,000
Capital leases		2,744,010		-		(2,532,618)		211,392
Compensated absences		705,695		569,487		(529,271)		745,911
Net pension liability		2,684,915		3,132,718		(2,509,049)		3,308,584
Net OPEB liabilities		726,604		326,757		(112,192)		941,169
Total	$	39,263,923	$	10,899,962	$	(8,480,069)	$	41,683,816

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:

	Direct Borrowings and Direct Placements					
Year Ending	General Obligation Bonds		Lease Revenue Bonds		Literary Loans	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 663,883	$ 969,255	$ -	$ 309,980	$ 195,000	$ 22,050
2021	924,447	929,216	188,000	457,635	120,000	17,700
2022	964,836	882,641	275,000	449,777	120,000	14,850
2023	1,010,770	833,734	335,000	439,500	75,000	12,001
2024	1,026,877	782,161	383,000	427,399	75,000	10,500
2025-2029	5,075,290	3,159,950	2,710,000	1,874,110	375,000	30,000
2030-2034	5,840,000	2,050,380	3,959,000	1,168,832	-	-
2035-2039	7,140,000	746,213	2,761,000	382,297	-	-
2040	-	-	355,000	10,497	-	-
Totals	$22,646,103	$10,353,550	$ 10,966,000	$ 5,520,027	$ 960,000	$ 107,101

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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	$ 112,145	$ 26,921
General obligation bond	4.10-5.60%	10/15/2004	2025	1,630,018	578,581	91,062
General obligation bond	4.60-5.10%	11/10/2005	2026	1,787,287	730,377	95,900
General obligation bond	4.05-5.05%	5/14/2015	2039	22,480,000	21,225,000	450,000
Total general obligation bonds					$ 22,646,103	$ 663,883
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	6,084,000	-
Lease revenue bond	3.50%	6/20/2019	2024	787,000	787,000	-
Total lease revenue bonds					$ 10,966,000	$ -
Premiums:						
Premium		10/15/2004	2025	117,079	$ 35,123	$ 5,854
Premium		11/10/2005	2026	97,867	46,972	3,915
Premium		5/14/2015	2038	2,512,317	1,822,562	171,512
Total premiums					$ 1,904,657	$ 181,281
Literary Loans						
State literary fund loan	2.00%	4/24/2000	2020	1,500,000	$ 75,000	$ 75,000
State literary fund loan	3.00%	3/8/2002	2022	900,000	135,000	45,000
State literary fund loan	2.00%	7/15/2008	2029	1,425,000	750,000	75,000
Total literary loans					$ 960,000	$ 195,000
Total direct borrowings and direct placements					$ 36,476,760	$ 1,040,164
Capital Leases:						
Capital lease	0.00%	10/1/2017	2022	352,320	$ 211,392	$ 70,464
Other Obligations:						
Compensated absences					$ 745,911	$ 559,433
Net pension liability					3,308,584	-
Net OPEB liabilities					941,169	-
Total other obligations					$ 4,995,664	$ 559,433
Total long-term obligations					$ 41,683,816	$ 1,670,061

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Collateral: The lease revenue bonds issued June 20, 2019 are secured by the County courthouse and library. The lease revenue bond issued November 9, 2009 is secured by the County jail.

Events of Default: The County's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.

Refunding Bond: The County issued refunding lease revenue bonds to refinance multiple debt issuances in the amount of $6,084,000 and $787,000 with interest rates of 3.14% and 3.50%, respectively. The net proceeds were used to pay off the USDA Rural Development PSA bonds, school bus lease, school energy lease, and partial amounts on the jail bond and 2015 general obligation bonds. The refinancing reduced total debt service payments over the next 32 years by $149,736 and results in an economic gain (difference between the present values on the old and the new debt) of $73,298.

Primary Government – Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the blended component unit PSA for the year ended June 30, 2019.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Rural Development Loans	$ 3,281,032	$ -	$ (3,281,032)	$ -

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	(119,692)
Net capital assets	$ 232,628

Note 7-Capital Leases: (continued)

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019, are as follows:

Year Ending June 30,		Capital Leases
2020	$	70,464
2021		70,464
2022		70,464
Sub-total	$	211,392
Less: Amount representing interest		-
Present Value of Lease Agreements	$	211,392

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, 2019.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Capital leases	$ -	$ 327,168	$ -	$ 327,168
Compensated absences	468,699	333,675	(351,524)	450,850
Net pension liability	21,172,956	4,195,640	(5,999,728)	19,368,868
Net OPEB liabilities	6,253,931	837,974	(881,401)	6,210,504
Total	$ 27,895,586	$ 5,694,457	$ (7,232,653)	$ 26,357,390

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

Discretely Presented Component Unit-School Board Obligations: (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	$ 327,168	$ 106,407
Other Obligations:						
Compensated absences					$ 450,850	$ 338,138
Net pension liability					19,368,868	-
Net OPEB liabilities					6,210,504	-
Total other obligations					$ 26,030,222	$ 338,138
Total long-term obligations					$ 26,357,390	$ 444,545

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, 2019, were as follows:

Year Ending June 30,	Capital Leases
2020	$ 114,486
2021	114,486
2022	114,486
Sub-total	$ 343,458
Less: Amount representing interest	(16,290)
Present Value of Lease Agreements	$ 327,168

Note 10—Pension Plans:

Plan Description

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

Benefit Structures

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

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

b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. 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 creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 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	79	88
Inactive members:		
Vested inactive members	20	10
Non-vested inactive members	17	12
Inactive members active elsewhere in VRS	31	17
Total inactive members	68	39
Active members	142	97
Total covered employees	289	224

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, 2019 was 11.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $746,919 and $648,526 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2019 was 6.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Patrick County School Board's nonprofessional employees were $109,273 and $114,284 for the years ended June 30, 2019 and June 30, 2018, 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, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

Note 10—Pension Plans: (continued)

Actuarial Assumptions – General Employees (continued)

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% 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.

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.

Note 10—Pension Plans: (continued)

Actuarial Assumptions – General Employees (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – 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% to 20%

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% to 15%

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

Note 10—Pension Plans: (continued)

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Hazardous Duty: 70% 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.

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.

Note 10—Pension Plans: (continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

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.

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Note 10—Pension Plans: (continued)

Long-term Expected Rate of Return (continued)

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

Asset Class (Strategy)	Target Allocation	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	1.82%
Fixed Income	15.00%	0.10%
Credit Strategies	15.00%	0.59%
Real Assets	15.00%	0.86%
Private Equity	15.00%	1.43%
Total	100.00%	4.80%
	Inflation	2.50%
	*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, 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, 2018 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.

Note 10—Pension Plans: (continued)

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, 2017	$ 23,881,772	$ 21,196,857	$ 2,684,915
Changes for the year:			
Service cost	$ 673,187	$ -	$ 673,187
Interest	1,625,708	-	1,625,708
Differences between expected and actual experience	818,938	-	818,938
Contributions - employer	-	648,274	(648,274)
Contributions - employee	-	297,343	(297,343)
Net investment income	-	1,563,432	(1,563,432)
Benefit payments, including refunds of employee contributions	(1,314,751)	(1,314,751)	-
Administrative expenses	-	(13,496)	13,496
Other changes	-	(1,389)	1,389
Net changes	$ 1,803,082	$ 1,179,413	$ 623,669
Balances at June 30, 2018	$ 25,684,854	$ 22,376,270	$ 3,308,584

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, 2017	$ 7,225,072	$ 6,946,116	$ 278,956
Changes for the year:			
Service cost	$ 175,109	$ -	$ 175,109
Interest	490,387	-	490,387
Differences between expected and actual experience	(66,039)	-	(66,039)
Contributions - employer	-	114,202	(114,202)
Contributions - employee	-	87,560	(87,560)
Net investment income	-	506,717	(506,717)
Benefit payments, including refunds of employee contributions	(439,080)	(439,080)	-
Administrative expenses	-	(4,486)	4,486
Other changes	-	(448)	448
Net changes	$ 160,377	$ 264,465	$ (104,088)
Balances at June 30, 2018	$ 7,385,449	$ 7,210,581	$ 174,868

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	$ 6,631,328	$ 3,308,584	$ 546,511
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 962,185	$ 174,868	$ (492,241)

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, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of $526,327 and ($166,987), respectively. At June 30, 2019, 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	$ 724,864	$ 80,012	$ -	$ 75,030
Change in assumptions	-	57,933	-	25,293
Net difference between projected and actual earnings on pension plan investments	-	190,965	-	55,434
Employer contributions subsequent to the measurement date	746,919	-	109,273	-
Total	$ 1,471,783	$ 328,910	$ 109,273	$ 155,757

$746,919 and $109,273 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, 2020. 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)
2020	$ 260,312	$ (60,472)
2021	158,351	(18,060)
2022	(22,114)	(71,433)
2023	(595)	(5,792)
2024	-	-
Thereafter	-	-

Note 10—Pension Plans: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http:www.varetire.org/Pdf/Publications/2018-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, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $1,952,976 and $2,106,654 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $19,194,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.16321% as compared to 0.16990% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of $970,000. 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, 2019, 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	$ -	$ 1,641,000
Change in assumptions	229,000	-
Net difference between projected and actual earnings on pension plan investments	-	407,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	841,000
Employer contributions subsequent to the measurement date	1,952,976	-
Total	$ 2,181,976	$ 2,889,000

$1,952,976 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, 2020. 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	
2020	$ (445,000)
2021	(624,000)
2022	(1,021,000)
2023	(410,000)
2024	(160,000)
Thereafter	-

Note 10—Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	$	11,759,992
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 29,319,000	$ 19,194,000	$ 10,813,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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	$ 1,471,783	$ 328,910	$ 3,308,584	$ 526,327	$ -	$ -	$ -	$ -
School Board Nonprofessional	-	-	-	-	109,273	155,757	174,868	(166,987)
School Board Professional	-	-	-	-	2,181,976	2,889,000	19,194,000	970,000
Totals	$ 1,471,783	$ 328,910	$ 3,308,584	$ 526,327	$ 2,291,249	$ 3,044,757	$ 19,368,868	$ 803,013

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 VML. VML 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 VML. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2019 was $66,594.

Note 12—Other Postemployment Benefits - County Health Insurance:

Plan Description

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

Benefits Provided

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

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

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

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	159
Total retirees with coverage	6
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, 2019 was $25,691.

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.80% and gradually declines to 4.20% by the year 2084.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2019.

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

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	
Balance at June 30, 2018	$	275,604
Changes for the year:		
Service cost	$	17,363
Interest on Total OPEB Liability		12,279
Effect of economic/demographic gains or losses		37,025
Changes in assumptions		108,743
Benefit payments		(25,691)
Net changes	$	149,719
Balance at June 30, 2019	$	425,323

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

Discount Rate					
1% Decrease (2.50%)		Current (3.50%)		1% Increase (4.50%)	
$	453,154	$	425,323	$	399,111

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.80% decreasing to an ultimate rate of 3.20%) or one percentage point higher (9.80% decreasing to an ultimate rate of 5.20%) than the current healthcare cost trend rates:

Healthcare Cost Trend					
1% Decrease (7.80% decreasing to 3.20%)		Current (8.80% decreasing to 4.20%)		1% Increase (9.80% decreasing to 5.20%)	
$	385,586	$	425,323	$	471,663

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, 2019, the County recognized OPEB expense in the amount of $48,860. At June 30, 2019, 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	$ 31,953	$ -
Change in assumptions	93,847	5,777
Total	$ 125,800	$ 5,777

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
2020	$ 19,218
2021	19,218
2022	19,218
2023	19,218
2024	19,218
Thereafter	23,933

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

In addition to the pension benefits described in Note 10, the School Board 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, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	423
Total retirees with coverage	12
Total	435

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, 2019 was $92,861.

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.80% and gradually declines to 4.20% by the year 2084.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2019.

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, 2018	$	2,871,931
Changes for the year:		
Service cost	$	130,150
Interest on Total OPEB Liability		103,583
Effect of economic/demographic gains or losses		(279,540)
Changes in assumptions		218,241
Benefit payments		(92,861)
Net changes	$	79,573
Balance at June 30, 2019	$	2,951,504

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

Discount Rate					
1% Decrease (2.50%)		Current (3.50%)		1% Increase (4.50%)	
$	3,173,919	$	2,951,504	$	2,736,934

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.80% decreasing to an ultimate rate of 3.20%) or one percentage point higher (9.80% decreasing to an ultimate rate of 5.20%) than the current healthcare cost trend rates:

Healthcare Cost Trend					
1% Decrease (7.80% decreasing to 3.20%)		Current (8.80% decreasing to 4.20%)		1% Increase (9.80% decreasing to 5.20%)	
$	2,730,929	$	2,951,504	$	3,211,500

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, 2019, the School Board recognized OPEB expense in the amount of $220,644. At June 30, 2019, 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	$ -	$ 251,016
Change in assumptions	195,972	72,435
Total	$ 195,972	$ 323,451

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
2020	$ (13,089)
2021	(13,089)
2022	(13,089)
2023	(13,089)
2024	(13,089)
Thereafter	(62,034)

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) Program (OPEB) Plan:

Plan Description

The Group Life Insurance (GLI) Program 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 Program 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) Program (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 Program. 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 program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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 Program 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 program 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 creditable service, the minimum benefit payable was set at $8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program 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 Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

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

Contributions (continued)

Contributions to the Group Life Insurance Program from the County were $33,705 and $31,757 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board (nonprofessional) were $9,137 and $9,265 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board (professional) were $66,120 and $68,406 for the years ended June 30, 2019 and June 30, 2018, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

Primary Government

At June 30, 2019, the entity reported a liability of $488,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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 Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.03212% as compared to 0.02993% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of $10,000. 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, 2019, the entity reported a liability of $143,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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 Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.00937% as compared to 0.00956% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of ($2,000). 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) Program (OPEB Plan): (continued)

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

Component Unit School Board (professional)

At June 30, 2019, the entity reported a liability of $1,051,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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 Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.06919% as compared to 0.07245% at June 30, 2017.

At June 30, 2019, 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	$ 24,000	$ 9,000	$ 7,000	$ 2,000	$ 51,000	$ 19,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	16,000	-	5,000	-	34,000
Change in assumptions	-	20,000	-	6,000	-	44,000
Changes in proportion	37,000	-	-	-	2,000	46,000
Employer contributions subsequent to the measurement date	33,705	-	9,137	-	66,120	-
Total	$ 94,705	$ 45,000	$ 16,137	$ 13,000	$ 119,120	$ 143,000

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

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

$33,705 $9,137, and $66,120 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, 2020. 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)
2020	$ -	$ (2,000)	$ (23,000)
2021	-	(2,000)	(23,000)
2022	-	(2,000)	(24,000)
2023	4,000	-	(14,000)
2024	9,000	-	(5,000)
Thereafter	3,000	-	(1,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5%-5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

Actuarial Assumptions (continued)

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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

Actuarial Assumptions (continued)

Mortality Rates – 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 20%

Note 14-Group Life Insurance (GLI) Program (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 15%

Mortality Rates – 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.

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 45%

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program'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, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		GLI OPEB Program
Total GLI OPEB Liability	$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	$	1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the GLI Program Net OPEB Liability	$ 638,000	$ 488,000	$ 367,000
Component Unit School Board's (nonprofessional) proportionate share of the GLI Program Net OPEB Liability	186,000	143,000	107,000
Component Unit School Board's (professional) proportionate share of the GLI Program Net OPEB Liability	1,374,000	1,051,000	789,000

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

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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) Program (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program 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 Program 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 Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Program 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 Program 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 Program 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) Program (OPEB Plan): (continued)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Active members	56
Total covered employees	56

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, 2019 was 0.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Program were $2,844 and $2,501 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net HIC OPEB Liability

The County's net HIC OPEB liability was measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates – 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) Program (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 20%

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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 15%

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

Actuarial Assumptions: (continued)

Mortality Rates – 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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) Program (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 45%

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. 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, 2018, 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, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ -	$ -	$ -
Changes for the year:			
Service cost	$ 1,961	$ -	$ 1,961
Interest	(8)	-	(8)
Differences between expected and actual experience	28,414	-	28,414
Contributions - employer	-	2,501	(2,501)
Net investment income	-	23	(23)
Benefit payments	(240)	(240)	-
Administrative expenses	-	(3)	3
Other changes	-	-	-
Net changes	$ 30,127	$ 2,281	$ 27,846
Balances at June 30, 2018	$ 30,127	$ 2,281	$ 27,846

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

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

The following presents the County's HIC Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Patrick County's Net HIC OPEB Liability	$ 32,513	$ 27,846	$ 23,977

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

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of $30,302. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	$ 45	$ -
Employer contributions subsequent to the measurement date	2,844	-
Total	$ 2,889	$ -

$2,844 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020.

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

HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB: (Continued)

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

Year Ended June 30		
2020	$	11
2021		11
2022		11
2023		12
2024		-
Thereafter		-

HIC Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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) Program (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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 Program. 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 Program OPEB, including eligibility, coverage, and benefits is described below:

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

Employees

The Teacher Employee Retiree HIC Program 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 Program 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 Program Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were $152,545 and $161,807 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

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

At June 30, 2019, the school division reported a liability of $2,065,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.16267% as compared to 0.16933% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of $156,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,000
Change in assumptions	-	18,000
Change in proportion	-	82,000
Employer contributions subsequent to the measurement date	152,545	-
Total	$ 152,545	$ 112,000

$152,545 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, 2020.

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

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program 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		
2020	$	(17,000)
2021		(17,000)
2022		(17,000)
2023		(16,000)
2024		(17,000)
Thereafter		(28,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

Note 16- Teacher Employee Health Insurance Credit (HIC) Program (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	$	1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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

Net Teacher Employee HIC OPEB Liability (continued)

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 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.

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 Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 2,306,000	$ 2,065,000	$ 1,860,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/ Publications/2018-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)	$125,800	$ 5,777	$425,323	$48,860	$ -	$ -	$ -	$ -
School Board Stand-Alone Plan (Note 13)	-	-	-	-	195,972	323,451	2,951,504	220,644
VRS OPEB Plans:								
GLI Program (Note 14)								
County	94,705	45,000	488,000	10,000	-	-	-	-
School Board Nonprofessional	-	-	-	-	16,137	13,000	143,000	(2,000)
School Board Professional	-	-	-	-	119,120	143,000	1,051,000	-
County HIC Program (Note 15)	2,889	-	27,846	30,302	-	-	-	-
Teacher HIC Program (Note 16)	-	-	-	-	152,545	112,000	2,065,000	156,000
Totals	$223,394	$50,777	$941,169	$89,162	$483,774	$591,451	$6,210,504	$374,644

Note 18-Capital Assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,152,364	$ 44,900	$ -	$ 1,197,264
Capital assets, being depreciated:				
Buildings and improvements	$ 52,273,171	$ 35,599	$ -	$ 52,308,770
Machinery and equipment	4,944,959	263,879	(20,468)	5,188,370
Total capital assets being depreciated	$ 57,218,130	$ 299,478	$ (20,468)	$ 57,497,140
Accumulated depreciation:				
Buildings and improvements	$ (12,104,404)	$ (1,313,675)	$ -	$ (13,418,079)
Machinery and equipment	(2,960,325)	(418,692)	20,468	(3,358,549)
Total accumulated depreciation	$ (15,064,729)	$ (1,732,367)	$ 20,468	$ (16,776,628)
Total capital assets being depreciated, net	$ 42,153,401	$ (1,432,889)	$ -	$ 40,720,512
Governmental activities capital assets, net	$ 43,305,765	$ (1,387,989)	$ -	$ 41,917,776

Note 18-Capital Assets: (continued)

Primary Government: (continued)

		Beginning Balance		Increases		Decreases		Ending Balance
Business-type Activities:								
Capital assets, being depreciated:								
Infrastructure	$	5,053,532	$	-	$	-	$	5,053,532
Accumulated depreciation:								
Infrastructure	$	(743,243)	$	(126,337)	$	-	$	(869,580)
Business-type activities capital assets, net	$	4,310,289	$	(126,337)	$	-	$	4,183,952

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

Governmental Activities:		
General government administration	$	31,676
Judicial administration		2,640
Public safety		538,549
Public works		146,746
Health and welfare		13,115
Education		951,236
Parks, recreation, and cultural		35,871
Community development		12,534
Total depreciation expense-governmental activities	$	1,732,367
Business-type Activities:		
PSA fund	$	126,337

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Note 18-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 561,748	$ -	$ -	$ 561,748
Construction in progress	-	167,776	-	167,776
Total capital assets not being depreciated	$ 561,748	$ 167,776	$ -	$ 729,524
Capital assets, being depreciated:				
Buildings and improvements	$ 20,464,110	$ 24,901	$ -	$ 20,489,011
Machinery and equipment	5,550,745	171,787	(27,569)	5,694,963
Total capital assets being depreciated	$ 26,014,855	$ 196,688	$ (27,569)	$ 26,183,974
Accumulated depreciation:				
Buildings and improvements	$ (13,126,954)	$ (478,098)	$ -	$ (13,605,052)
Machinery and equipment	(4,028,073)	(271,301)	19,475	(4,279,899)
Total accumulated depreciation	$ (17,155,027)	$ (749,399)	$ 19,475	$ (17,884,951)
Total capital assets being depreciated, net	$ 8,859,828	$ (552,711)	$ (8,094)	$ 8,299,023
Governmental activities capital assets, net	$ 9,421,576	$ (384,935)	$ (8,094)	$ 9,028,547

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:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred/unavailable revenue is comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	$ -	$ 673,950
Deferred EMS billing revenues	-	47,842
2nd half tax assessments due in December 2019	3,960,312	3,960,312
Prepaid property taxes due in December 2019, but paid in advance by taxpayers	1,391,136	1,391,136
Total deferred/unavailable revenue	$ 5,351,448	$ 6,073,240

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:		
Dr. William D. Sroufe, 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 2019, a total of $4,558,298 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 $359,866 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 2019 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
2018-19	$ 253,666	$ 4,664,498	$ (4,558,298)	$ 359,866
2017-18	340,001	3,479,702	(3,566,037)	253,666
2016-17	255,000	3,905,570	(3,820,569)	340,001

Note 24-Litigation:

At June 30, 2019, 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-Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

Note 26-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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 December 15, 2019.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No, 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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, 2020.

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

Required Supplementary Information

Exhibit 11

County of Patrick, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
REVENUES				
General property taxes	$ 11,625,506	$ 11,625,506	$ 13,685,589	$ 2,060,083
Other local taxes	2,102,500	2,102,500	2,630,959	528,459
Permits, privilege fees, and regulatory licenses	58,560	58,560	68,349	9,789
Fines and forfeitures	25,000	25,000	28,190	3,190
Revenue from the use of money and property	24,000	24,000	51,894	27,894
Charges for services	424,492	568,698	551,942	(16,756)
Miscellaneous	38,100	56,757	88,385	31,628
Recovered costs	894,719	968,700	819,194	(149,506)
Intergovernmental:				
Commonwealth	5,126,000	5,237,573	5,206,169	(31,404)
Federal	1,260,452	1,289,144	1,339,808	50,664
Total revenues	$ 21,579,329	$ 21,956,438	$ 24,470,479	$ 2,514,041
EXPENDITURES				
Current:				
General government administration	$ 1,563,773	$ 1,575,180	$ 1,441,172	$ 134,008
Judicial administration	1,093,628	1,219,796	1,139,437	80,359
Public safety	7,105,633	7,982,036	7,536,155	445,881
Public works	1,592,491	1,617,753	1,512,428	105,325
Health and welfare	2,830,201	2,874,187	2,891,408	(17,221)
Education	5,126,881	5,126,881	4,691,554	435,327
Parks, recreation, and cultural	546,047	550,204	513,155	37,049
Community development	1,035,560	1,011,071	927,193	83,878
Capital projects	45,600	226,752	268,442	(41,690)
Debt service:				
Principal retirement	2,339,055	2,350,869	5,050,696	(2,699,827)
Interest and other fiscal charges	721,397	741,281	1,557,704	(816,423)
Bond issuance costs	-	-	178,748	(178,748)
Total expenditures	$ 24,000,266	$ 25,276,010	$ 27,708,092	$ (2,432,082)
Excess (deficiency) of revenues over (under) expenditures	$ (2,420,937)	$ (3,319,572)	$ (3,237,613)	$ 81,959
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (158,998)	$ (158,998)	$ (3,409,060)	$ (3,250,062)
Issuance of refunding lease revenue bonds	-	-	6,871,000	6,871,000
Total other financing sources (uses)	$ (158,998)	$ (158,998)	$ 3,461,940	$ 3,620,938
Net change in fund balances	$ (2,579,935)	$ (3,478,570)	$ 224,327	$ 3,702,897
Fund balances - beginning	2,579,935	3,478,570	5,638,752	2,160,182
Fund balances - ending	$ -	$ -	$ 5,863,079	$ 5,863,079

County of Patrick, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

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

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

County of Patrick, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit-School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

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

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

County of Patrick, Virginia
Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.16321%	0.16990%	0.17012%	0.17090%	0.17175%
Employer's Proportionate Share of the Net Pension Liability	$ 19,194,000	$ 20,894,000	$ 23,841,000	$ 21,510,000	$ 20,755,000
Employer's Covered Payroll	$ 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	145.91%	156.35%	183.76%	169.29%	165.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.88%	70.88%

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

County of Patrick, Virginia
Schedule of Employer Contributions
Pension
For the Years Ended June 30, 2010 through June 30, 2019

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					
2019	$ 746,919	$ 746,919	$ -	$ 6,460,418	11.56%
2018	648,526	648,526	-	6,108,403	10.62%
2017	590,726	590,726	-	5,520,475	10.70%
2016	671,160	671,160	-	5,297,198	12.67%
2015	652,292	652,292	-	5,131,869	12.71%
2014	683,781	683,781	-	4,957,116	13.79%
2013	633,508	633,508	-	4,589,550	13.80%
2012	512,486	512,486	-	4,515,295	11.35%
2011	495,225	495,225	-	4,363,212	11.35%
2010	434,721	434,721	-	4,040,159	10.76%
Component Unit School Board (nonprofessional)					
2019	$ 109,273	$ 109,273	$ -	$ 1,759,409	6.21%
2018	114,284	114,284	-	1,781,608	6.41%
2017	114,992	114,992	-	1,763,936	6.52%
2016	170,680	170,680	-	1,720,429	9.92%
2015	171,319	171,319	-	1,716,920	9.98%
2014	192,379	192,379	-	1,747,308	11.01%
2013	187,639	187,639	-	1,706,787	10.99%
2012	137,894	137,894	-	1,663,377	8.29%
2011	137,772	137,772	-	1,661,908	8.29%
2010	139,568	139,568	-	1,710,391	8.16%
Component Unit School Board (professional)					
2019	$ 1,952,976	$ 1,952,976	$ -	$ 12,712,025	15.36%
2018	2,106,654	2,106,654	-	13,155,134	16.01%
2017	1,933,261	1,933,261	-	13,363,229	14.47%
2016	1,930,644	1,930,644	-	12,974,082	14.88%
2015	1,835,096	1,835,096	-	12,706,299	14.44%
2014	1,559,788	1,559,788	-	12,561,207	12.42%
2013	1,925,968	1,925,968	-	12,391,074	15.54%
2012	1,391,835	1,391,835	-	12,362,402	11.26%
2011	1,102,668	1,102,668	-	12,347,911	8.93%
2010	1,451,198	1,451,198	-	9,370,113	15.49%

County of Patrick, Virginia
Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – 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% to 20%

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% to 15%

Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

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

Exhibit 17

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, 2019 and 2018

	2019	2018
Total OPEB liability		
Service cost	$ 17,363	$ 15,596
Interest	12,279	9,877
Effect of economic/demographic gains or losses	37,025	-
Changes in assumptions	108,743	(7,277)
Benefit payments	(25,691)	(18,235)
Net change in total OPEB liability	$ 149,719	$ (39)
Total OPEB liability - beginning	275,604	275,643
Total OPEB liability - ending	$ 425,323	$ 275,604
Covered payroll	$ 6,411,197	$ 5,453,800
County's total OPEB liability as a percentage of covered payroll	6.63%	5.05%

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

Exhibit 18

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, 2019 and 2018

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

Primary Government and Component Unit School Board

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.80% and gradually declines to 4.20% by the year 2084.
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).

Exhibit 20

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Primary Government - Group Life Insurance Program
For the Measurement Dates of June 30, 2018 and 2017

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)
2018	0.0321%	$ 488,000	$ 6,108,403	7.99%	51.22%
2017	0.0299%	451,000	5,520,475	8.17%	48.86%

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

Exhibit 21

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Component Unit - School Board (nonprofessional) Group Life Insurance Program
For the Measurement Dates of June 30, 2018 and 2017

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)
2018	0.0094%	$ 143,000	$ 1,781,608	8.03%	51.22%
2017	0.0096%	144,000	1,763,936	8.16%	48.86%

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

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Component Unit - School Board - Group Life Insurance Program
For the Measurement Dates of June 30, 2018 and 2017

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)
2018	0.0692%	$ 1,051,000	$ 13,155,134	7.99%	51.22%
2017	0.0725%	1,090,000	13,363,229	8.16%	48.86%

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

Exhibit 23

County of Patrick, Virginia
Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2010 through June 30, 2019

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					
2019	$ 33,705	$ 33,705	$ -	$ 6,481,527	0.52%
2018	31,757	31,757	-	6,108,403	0.52%
2017	28,706	28,706	-	5,520,475	0.52%
2016	25,427	25,427	-	5,297,198	0.48%
2015	24,633	24,633	-	5,131,869	0.48%
2014	23,794	23,794	-	4,957,116	0.48%
2013	22,030	22,030	-	4,589,550	0.48%
2012	12,643	12,643	-	4,515,295	0.28%
2011	12,217	12,217	-	4,363,212	0.28%
2010	8,195	8,195	-	4,040,159	0.20%
Component Unit School Board (nonprofessional)					
2019	$ 9,137	$ 9,137	$ -	$ 1,763,835	0.52%
2018	9,265	9,265	-	1,781,608	0.52%
2017	9,172	9,172	-	1,763,936	0.52%
2016	8,258	8,258	-	1,720,429	0.48%
2015	8,241	8,241	-	1,716,920	0.48%
2014	8,392	8,392	-	1,747,308	0.48%
2013	8,193	8,193	-	1,706,787	0.48%
2012	4,657	4,657	-	1,663,377	0.28%
2011	4,653	4,653	-	1,661,908	0.28%
2010	3,438	3,438	-	1,710,391	0.20%
Component Unit School Board (professional)					
2019	$ 66,120	$ 66,120	$ -	$ 12,711,488	0.52%
2018	68,406	68,406	-	13,155,134	0.52%
2017	69,489	69,489	-	13,363,229	0.52%
2016	62,276	62,276	-	12,974,082	0.48%
2015	60,990	60,990	-	12,706,299	0.48%
2014	60,294	60,294	-	12,561,207	0.48%
2013	59,477	59,477	-	12,391,074	0.48%
2012	34,615	34,615	-	12,362,402	0.28%
2011	34,573	34,573	-	12,347,911	0.28%
2010	25,299	25,299	-	9,370,113	0.27%

County of Patrick, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

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% to 20%

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% to 15%

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

Exhibit 25

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

		2018
Total HIC OPEB Liability		
Service cost	$	1,961
Interest		(8)
Differences between expected and actual experience		28,414
Benefit payments		(240)
Net change in total HIC OPEB liability	$	30,127
Total HIC OPEB Liability - beginning		-
Total HIC OPEB Liability - ending (a)	$	30,127
Plan fiduciary net position		
Contributions - employer	$	2,501
Net investment income		23
Benefit payments		(240)
Administrative expense		(3)
Net change in plan fiduciary net position	$	2,281
Plan fiduciary net position - beginning		-
Plan fiduciary net position - ending (b)	$	2,281
County's net HIC OPEB liability - ending (a) - (b)	$	27,846
Plan fiduciary net position as a percentage of the total HIC OPEB liability		7.57%
Covered payroll	$	1,470,653
County's net HIC OPEB liability as a percentage of covered payroll		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.

Exhibit 26

County of Patrick, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2018 through June 30, 2019

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)
2019	$ 2,844	$ 2,844	$ -	$ 1,493,942	0.19%
2018	2,501	2,501	-	1,470,653	0.17%

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

County of Patrick, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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% to 20%

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% to 15%

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

County of Patrick, Virginia
Schedule of School Board's Share of the Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2018 and 2017

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)
2018	0.1627%	$ 2,065,000	$ 13,155,362	15.70%	8.08%
2017	0.1693%	2,148,000	13,363,229	16.07%	7.04%

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

Exhibit 29

County of Patrick, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2010 through June 30, 2019

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)
2019	$ 152,545	$ 152,545	$ -	$ 12,711,488	1.20%
2018	161,807	161,807	-	13,155,362	1.23%
2017	148,332	148,332	-	13,363,229	1.11%
2016	137,490	137,490	-	12,970,782	1.06%
2015	134,687	134,687	-	12,706,299	1.06%
2014	139,415	139,415	-	12,559,948	1.11%
2013	135,665	135,665	-	12,222,042	1.11%
2012	73,707	73,707	-	12,284,507	0.60%
2011	74,087	74,087	-	12,347,910	0.60%
2010	97,475	97,475	-	9,372,596	1.04%

County of Patrick, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Other Supplementary Information

County of Patrick, Virginia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2019

	Asset Forfeiture Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 751	$ 751
Intergovernmental:				
Commonwealth	-	19,882	10,300	(9,582)
Total revenues	$ -	$ 19,882	$ 11,051	$ (8,831)
EXPENDITURES				
Current:				
Public safety	$ -	$ 19,882	$ 19,882	$ -
Total expenditures	$ -	$ 19,882	$ 19,882	$ -
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (8,831)	$ (8,831)
Net change in fund balances	$ -	$ -	$ (8,831)	$ (8,831)
Fund balances - beginning	-	-	56,390	56,390
Fund balances - ending	$ -	$ -	$ 47,559	$ 47,559

FIDUCIARY FUNDS

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

DeHart Cemetery – The DeHart Cemetery fund accounts for those funds belonging to the DeHart Cemetery.

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

Exhibit 32

County of Patrick, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds			
	Special Welfare	Dehart Cemetery	Jail Canteen	Total
ASSETS				
Cash and cash equivalents	$ 3,377	$ 6,000	$ 24,348	$ 33,725
Receivables:				
Other receivables	-	-	3,949	3,949
Total assets	$ 3,377	$ 6,000	$ 28,297	$ 37,674
LIABILITIES				
Accounts payable for inmates	$ -	$ -	$ 3,729	$ 3,729
Amounts held for Social Services clients	3,377	-	-	3,377
Amounts held for DeHart Cemetery	-	6,000	-	6,000
Amounts held for inmates	-	-	24,568	24,568
Total liabilities	$ 3,377	$ 6,000	$ 28,297	$ 37,674

Exhibit 33

County of Patrick, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Agency Funds			
	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	$ 5,473	$ 51,195	$ 53,291	$ 3,377
Dehart Cemetery Fund	6,000	49	49	6,000
Jail Canteen Fund	30,758	178,661	185,071	24,348
Other receivables:				
Jail Canteen Fund	8,382	-	4,433	3,949
Total assets	$ 50,613	$ 229,905	$ 242,844	$ 37,674
LIABILITIES				
Amounts held for Social Services clients	$ 5,473	$ 51,195	$ 53,291	$ 3,377
Amounts held for Dehart Cemetery	6,000	49	49	6,000
Amounts held for inmates	33,236	178,661	187,329	24,568
Accounts payable for inmates	5,904	-	2,175	3,729
Total liabilities	$ 50,613	$ 229,905	$ 242,844	$ 37,674

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.

Exhibit 34

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2019

		School Operating Fund
ASSETS		
Cash and cash equivalents		$ 1,054,644
Cash in custody of others		200
Investments		80,104
Receivables (net of allowance for uncollectibles)		
Accounts receivable		133,048
Due from other governmental units		543,960
Inventories		42,150
Prepaid items		213,681
Total assets		$ 2,067,787
LIABILITIES		
Accounts payable		$ 179,452
Salaries payable		1,007,610
Due to primary government		751,140
Total liabilities		$ 1,938,202
FUND BALANCES		
Nonspendable:		
Prepaid items		$ 213,681
Inventories		42,150
Restricted:		
Cafeteria		87,435
Committed:		
Education		200
Unassigned		(213,881)
Total fund balances		$ 129,585
Total liabilities and fund balances		$ 2,067,787
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above		$ 129,585
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 561,748	
Construction in progress	167,776	
Building and improvements	6,883,959	
Machinery and equipment	1,415,064	9,028,547
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 2,291,249	
OPEB related items	483,774	2,775,023
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	$ (327,168)	
Compensated absenses	(450,850)	
Accrued interest payable	(5,386)	
Net pension liability	(19,368,868)	
Net OPEB liabilities	(6,210,504)	(26,362,776)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (3,044,757)	
OPEB related items	(591,451)	(3,636,208)
Net position of governmental activities		$ (18,065,829)

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, 2019

		School Operating Fund
REVENUES		
Revenue from the use of money and property		$ 2,994
Charges for services		339,379
Miscellaneous		587,569
Recovered costs		133,551
Intergovernmental:		
Local government		4,674,232
Commonwealth		19,212,966
Federal		2,511,979
Total revenues		$ 27,462,670
EXPENDITURES		
Current:		
Education		$ 27,736,587
Total expenditures		$ 27,736,587
Excess (deficiency) of revenues over (under) expenditures		$ (273,917)
OTHER FINANCING SOURCES (USES)		
Issuance of capital leases		$ 327,168
Total other financing sources and uses		$ 327,168
Net change in fund balances		$ 53,251
Fund balances - beginning		76,334
Fund balances - ending		$ 129,585
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		$ 53,251
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	$ 364,464	
Depreciation expense	(749,399)	(384,935)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		(8,094)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of debt:		
Capital lease		(327,168)
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	$ 17,849	
Change in accrued interest payable	(5,386)	
Change in net pension liabilites and related deferred items	1,261,500	
Change in net OPEB liabilities and related deferred items	(55,459)	1,218,504
Change in net position of governmental activities		$ 551,558

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, 2019

	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	$ 2,994	$ 1,744
Charges for services	722,383	722,383	339,379	(383,004)
Miscellaneous	311,500	311,500	587,569	276,069
Recovered costs	130,000	130,000	133,551	3,551
Intergovernmental:				
Local government	5,109,559	5,109,559	4,674,232	(435,327)
Commonwealth	19,824,139	19,824,139	19,212,966	(611,173)
Federal	2,003,084	2,003,084	2,511,979	508,895
Total revenues	$ 28,101,915	$ 28,101,915	$ 27,462,670	$ (639,245)
EXPENDITURES				
Current:				
Education	$ 28,101,915	$ 28,101,915	$ 27,736,587	$ 365,328
Total expenditures	$ 28,101,915	$ 28,101,915	$ 27,736,587	$ 365,328
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (273,917)	$ (273,917)
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	$ -	$ -	$ 327,168	$ 327,168
Total other financing sources and uses	$ -	$ -	$ 327,168	$ 327,168
Net change in fund balances	$ -	$ -	$ 53,251	$ 53,251
Fund balances - beginning	-	-	76,334	76,334
Fund balances - ending	$ -	$ -	$ 129,585	$ 129,585

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	$ 8,704,576	$ 8,704,576	$ 9,743,554	$ 1,038,978
Real and personal public service corporation taxes	416,480	416,480	706,055	289,575
Personal property taxes	1,821,847	1,821,847	2,188,333	366,486
Mobile home taxes	88,185	88,185	85,334	(2,851)
Machinery and tools taxes	574,418	574,418	711,476	137,058
Penalties	10,000	10,000	147,349	137,349
Interest	10,000	10,000	103,488	93,488
Total general property taxes	$ 11,625,506	$ 11,625,506	$ 13,685,589	$ 2,060,083
Other local taxes:				
Local sales and use taxes	$ 1,100,000	$ 1,100,000	$ 1,182,111	$ 82,111
Consumers' utility taxes	405,000	405,000	408,760	3,760
Gross receipts tax	10,500	10,500	4,970	(5,530)
Consumption taxes	55,000	55,000	57,039	2,039
Motor vehicle licenses	450,000	450,000	457,281	7,281
Bank stock taxes	20,000	20,000	24,902	4,902
Taxes on recordation and wills	62,000	62,000	92,004	30,004
Hotel and motel room taxes	-	-	403,892	403,892
Total other local taxes	$ 2,102,500	$ 2,102,500	$ 2,630,959	$ 528,459
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 14,660	$ 14,660	$ 21,079	$ 6,419
Transfer fees	800	800	795	(5)
Erosion and sediment control permits	1,000	1,000	875	(125)
Building permits	42,100	42,100	45,600	3,500
Total permits, privilege fees, and regulatory licenses	$ 58,560	$ 58,560	$ 68,349	$ 9,789
Fines and forfeitures:				
Court fines and forfeitures	$ 25,000	$ 25,000	$ 28,190	$ 3,190
Revenue from use of money and property:				
Revenue from use of money	$ 5,000	$ 5,000	$ 24,702	$ 19,702
Revenue from use of property	19,000	19,000	27,192	8,192
Total revenue from use of money and property	$ 24,000	$ 24,000	$ 51,894	$ 27,894
Charges for services:				
Charges for courthouse maintenance	$ -	$ -	$ 4,511	$ 4,511
Charges for courthouse security fees	-	-	21,124	21,124
Charges for Commonwealth's Attorney	4,500	4,500	4,428	(72)
Charges for ambulance	133,292	255,377	225,226	(30,151)
Charges for sanitation and waste removal	245,000	245,000	255,953	10,953
Charges for parks and recreation	32,000	47,372	23,790	(23,582)
Charges for credit card collections	4,000	4,500	5,179	679
Charges for copies	3,200	9,286	7,727	(1,559)
Charges for recycling	2,500	2,663	2,834	171
Charges for library	-	-	1,170	1,170
Total charges for services	$ 424,492	$ 568,698	$ 551,942	$ (16,756)
Miscellaneous:				
Miscellaneous	$ 38,100	$ 44,432	$ 39,560	$ (4,872)
Donations	-	12,325	48,825	36,500
Total miscellaneous	$ 38,100	$ 56,757	$ 88,385	$ 31,628

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	$ 218,405	$ 220,328	$ 224,295	$ 3,967
Charges for jail inmates	465,894	481,379	400,662	(80,717)
Law enforcement	25,000	25,000	15,895	(9,105)
Other recovered costs	185,420	241,993	178,342	(63,651)
Total recovered costs	$ 894,719	$ 968,700	$ 819,194	$ (149,506)
Total revenue from local sources	$ 15,192,877	$ 15,429,721	$ 17,924,502	$ 2,494,781
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 100	$ 100	$ 42	$ (58)
Mobile home titling tax	30,000	30,000	42,609	12,609
Motor vehicle rental tax	500	500	574	74
State recordation tax	30,000	30,000	23,228	(6,772)
Communications tax	450,000	450,000	414,499	(35,501)
Personal property tax relief funds	688,659	688,659	688,659	-
Total noncategorical aid	$ 1,199,259	$ 1,199,259	$ 1,169,611	$ (29,648)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 286,604	$ 286,604	$ 246,226	$ (40,378)
Sheriff	2,247,089	2,247,089	2,111,748	(135,341)
Commissioner of revenue	105,725	105,725	105,277	(448)
Treasurer	87,835	87,835	86,382	(1,453)
Registrar/electoral board	38,880	38,880	37,500	(1,380)
Clerk of the circuit court	237,455	274,172	230,987	(43,185)
Total shared expenses	$ 3,003,588	$ 3,040,305	$ 2,818,120	$ (222,185)
Other categorical aid:				
State welfare funds	$ 370,685	$ 370,685	$ 496,167	$ 125,482
Children's services	447,660	447,660	486,577	38,917
Litter control grant	8,500	8,500	8,475	(25)
Victim witness grant	41,808	70,000	17,337	(52,663)
Fire programs	-	-	59,126	59,126
Commission for the arts	4,500	4,500	4,500	-
E-911 wireless funds	50,000	96,664	66,391	(30,273)
Emergency service grant	-	-	79,865	79,865
Total other categorical aid	$ 923,153	$ 998,009	$ 1,218,438	$ 220,429
Total categorical aid	$ 3,926,741	$ 4,038,314	$ 4,036,558	$ (1,756)
Total revenue from the Commonwealth	$ 5,126,000	$ 5,237,573	$ 5,206,169	$ (31,404)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 21,000	$ 21,000	$ 21,769	$ 769
Federal interest subsidy	92,520	92,520	93,107	587
Total noncategorical aid	$ 113,520	$ 113,520	$ 114,876	$ 1,356

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:				
Federal welfare funds	$ 1,035,682	$ 1,035,682	$ 1,035,682	$ -
Violence against woment grant	40,000	43,480	30,000	(13,480)
Emergency management performance grant	7,500	7,500	7,500	-
Victim witness grant	10,000	27,750	52,011	24,261
Justice assistance grant	-	-	5,068	5,068
Highway safety grants	15,000	19,880	23,082	3,202
Children's services	-	-	16,275	16,275
VDOT trail grants	-	2,582	-	(2,582)
Law enforcement block grants	38,750	38,750	55,314	16,564
Total categorical aid	$ 1,146,932	$ 1,175,624	$ 1,224,932	$ 49,308
Total revenue from the federal government	$ 1,260,452	$ 1,289,144	$ 1,339,808	$ 50,664
Total General Fund	$ 21,579,329	$ 21,956,438	$ 24,470,479	$ 2,514,041
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 751	$ 751
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets	$ -	$ 19,882	$ 10,300	$ (9,582)
Total Asset Forfeiture fund	$ -	$ 19,882	$ 11,051	$ (8,831)
Total Primary Government	$ 21,579,329	$ 21,976,320	$ 24,481,530	$ 2,505,210
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 1,183	$ 1,183
Revenue from the use of property	1,250	1,250	1,811	561
Total revenue from use of money and property	$ 1,250	$ 1,250	$ 2,994	$ 1,744
Charges for services:				
Transportation of pupils	$ 84,756	$ 84,756	$ 22,573	$ (62,183)
Cafeteria sales	637,627	637,627	316,806	(320,821)
Total charges for services	$ 722,383	$ 722,383	$ 339,379	$ (383,004)
Miscellaneous:				
Other miscellaneous	$ 311,500	$ 311,500	$ 587,569	$ 276,069
Recovered costs:				
Other recovered costs	$ 130,000	$ 130,000	$ 133,551	$ 3,551
Total revenue from local sources	$ 1,165,133	$ 1,165,133	$ 1,063,493	$ (101,640)

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	$ 4,674,232	$ (435,327)
Revenues from the Commonwealth:				
Categorical aid:				
At risk payments	$ 406,344	$ 406,344	$ 432,577	$ 26,233
At risk four year olds	336,720	336,720	298,238	(38,482)
Basic school aid	10,324,983	10,324,983	9,820,007	(504,976)
Breakfast after the bell	-	-	9,991	9,991
Early reading intervention	96,585	96,585	76,251	(20,334)
English as a second language	51,157	51,157	42,460	(8,697)
Fringe benefits-Life-insurance	41,518	41,518	39,873	(1,645)
Fringe benefits-Retirement	1,330,548	1,330,548	1,277,822	(52,726)
Fringe benefits-Social security	602,997	602,997	579,102	(23,895)
GED Prep	7,859	7,859	8,355	496
Gifted and talented	96,875	96,875	93,036	(3,839)
Homebound education	36,035	36,035	32,074	(3,961)
Mentor teacher program	2,275	2,275	1,857	(418)
Primary class size	571,663	571,663	528,457	(43,206)
Regular foster care	-	-	16,671	16,671
Remedial education	357,844	357,844	343,664	(14,180)
School food	39,791	39,791	29,309	(10,482)
Share of state sales tax	2,640,442	2,640,442	2,669,823	29,381
Special education	1,381,951	1,381,951	1,327,188	(54,763)
Special education - foster children	-	-	4,464	4,464
Standards of Learning algebra readiness	41,172	41,172	43,713	2,541
State lottery payments	669,708	669,708	691,410	21,702
Supplemental support for schools	4,402	4,402	-	(4,402)
Textbook payment	199,068	199,068	191,180	(7,888)
Vocational adult education	-	-	354	354
Vocational education - equipment	-	-	5,270	5,270
Vocational standards of quality payments	347,244	347,244	336,757	(10,487)
Other state funds	4,958	4,958	81,063	76,105
VPSA technology grant	232,000	232,000	232,000	-
Total categorical aid	$ 19,824,139	$ 19,824,139	$ 19,212,966	$ (611,173)
Revenue from the federal government:				
Categorical aid:				
Adult education	$ 52,577	$ 52,577	$ 8,874	$ (43,703)
Equipment assistance grant	-	-	10,745	10,745
Rural school program	48,254	48,254	52,392	4,138
School breakfast program	5,711	5,711	300,919	295,208
School lunch program	519,600	519,600	663,812	144,212
Summer feeding program	-	-	9,936	9,936
Title I	764,416	764,416	747,741	(16,675)
Title II, part A	95,386	95,386	92,824	(2,562)
Title III - Limited English proficient	10,461	10,461	-	(10,461)
Title VI-B, special education flow-through	436,939	436,939	551,271	114,332
Title VI-B, special education pre-school	12,578	12,578	11,977	(601)

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Title IV, part A	$ -	$ -	$ 2,621	$ 2,621
Vocational education	57,162	57,162	58,867	1,705
Total categorical aid	$ 2,003,084	$ 2,003,084	$ 2,511,979	$ 508,895
Total revenue from the federal government	$ 2,003,084	$ 2,003,084	$ 2,511,979	$ 508,895
Total Discretely Presented Component Unit - School Board	$ 28,101,915	$ 28,101,915	$ 27,462,670	$ (639,245)

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	$	74,897	$	72,132	$	62,627	$	9,505
General and financial administration:								
County administrator	$	308,046	$	309,062	$	290,829	$	18,233
Finance		149,219		160,462		157,769		2,693
Audit services		61,625		61,625		57,086		4,539
Legal services		43,800		43,800		43,581		219
Commissioner of revenue		299,365		299,365		281,083		18,282
DMV agent office		63,177		63,819		57,273		6,546
Treasurer		359,090		360,340		331,459		28,881
Reassessment		2,700		2,700		1,516		1,184
Tax mapping		60,016		60,037		58,443		1,594
Total general and financial administration	$	1,347,038	$	1,361,210	$	1,279,039	$	82,171
Board of elections:								
Electoral board and officials	$	57,150	$	57,150	$	23,246	$	33,904
Registrar		84,688		84,688		76,260		8,428
Total board of elections	$	141,838	$	141,838	$	99,506	$	42,332
Total general government administration	$	1,563,773	$	1,575,180	$	1,441,172	$	134,008
Judicial administration:								
Courts:								
Circuit court	$	53,186	$	53,185	$	51,078	$	2,107
General district court		26,735		26,735		9,935		16,800
Special magistrates		2,510		2,510		2,080		430
Juvenile and domestic relations court		7,655		7,655		5,204		2,451
Juvenile and domestic relations court services		13,230		33,585		30,996		2,589
Victim witness program		41,808		70,000		69,234		766
Courtroom security		125,632		151,038		151,929		(891)
Clerk of the circuit court		355,111		404,328		368,236		36,092
Total courts	$	625,867	$	749,036	$	688,692	$	60,344
Commonwealth's attorney:								
Commonwealth's attorney	$	467,761	$	470,760	$	450,745	$	20,015
Total judicial administration	$	1,093,628	$	1,219,796	$	1,139,437	$	80,359
Public safety:								
Law enforcement and traffic control:								
Sheriff	$	2,551,613	$	2,878,759	$	2,909,227	$	(30,468)
Sheriff-school resource officer		485,818		488,178		483,822		4,356
Total law enforcement and traffic control	$	3,037,431	$	3,366,937	$	3,393,049	$	(26,112)
Fire and rescue services:								
Volunteer fire departments	$	451,458	$	455,161	$	273,336	$	181,825
Volunteer emergency operations		610,702		825,720		734,776		90,944
E-911 department		671,801		593,541		523,921		69,620
Total fire and rescue services	$	1,733,961	$	1,874,422	$	1,532,033	$	342,389
Correction and detention:								
Sheriff-correction and detention	$	1,619,313	$	1,967,984	$	1,990,231	$	(22,247)
Juvenile detention		15,882		15,882		15,882		-
Total correction and detention	$	1,635,195	$	1,983,866	$	2,006,113	$	(22,247)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	$ 150,380	$ 157,031	$ 156,245	$ 786
Other protection:				
Animal control	$ 159,350	$ 168,723	$ 162,332	$ 6,391
Erosion and soil	49,389	53,051	51,740	1,311
Storm water management	12,244	13,458	14,040	(582)
Emergency services	327,183	364,048	220,163	143,885
Medical examiner	500	500	440	60
Total other protection	$ 548,666	$ 599,780	$ 448,715	$ 151,065
Total public safety	$ 7,105,633	$ 7,982,036	$ 7,536,155	$ 445,881
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	$ 694,369	$ 695,873	$ 676,116	$ 19,757
Maintenance of general buildings and grounds:				
General properties	$ 898,122	$ 921,880	$ 836,312	$ 85,568
Total public works	$ 1,592,491	$ 1,617,753	$ 1,512,428	$ 105,325
Health and welfare:				
Health:				
Supplement of local health department	$ 165,229	$ 165,229	$ 165,229	$ -
Behavioral health and development services:				
Behavioral health	$ 32,700	$ 32,700	$ 27,049	$ 5,651
Contribution to local community services board	71,179	71,179	71,179	-
Total behavioral health and development services	$ 103,879	$ 103,879	$ 98,228	$ 5,651
Welfare:				
Contribution to area on aging	$ 2,252	$ 2,252	$ 2,252	$ -
Public assistance	1,858,841	1,902,827	1,934,610	(31,783)
Children's Services Act (CSA)	700,000	700,000	691,089	8,911
Total welfare	$ 2,561,093	$ 2,605,079	$ 2,627,951	$ (22,872)
Total health and welfare	$ 2,830,201	$ 2,874,187	$ 2,891,408	$ (17,221)
Education:				
Other instructional costs:				
Contributions to Community College	$ 17,322	$ 17,322	$ 17,322	$ -
Contribution to County School Board	5,109,559	5,109,559	4,674,232	435,327
Total education	$ 5,126,881	$ 5,126,881	$ 4,691,554	$ 435,327
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 265,265	$ 269,422	$ 232,373	$ 37,049
Library:				
Contribution to regional library	$ 280,782	$ 280,782	$ 280,782	$ -
Total parks, recreation, and cultural	$ 546,047	$ 550,204	$ 513,155	$ 37,049

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	$ 197,658	$ 197,151	$ 190,706	$ 6,445
Tourism	526,515	497,215	444,418	52,797
Economic development	78,017	78,017	53,456	24,561
Total planning and community development	$ 802,190	$ 772,383	$ 688,580	$ 83,803
Environmental management:				
Soil and water district	$ 118,467	$ 119,785	$ 119,784	$ 1
Cooperative extension program:				
Extension office	$ 114,903	$ 118,903	$ 118,829	$ 74
Total community development	$ 1,035,560	$ 1,011,071	$ 927,193	$ 83,878
Capital projects:				
Other capital projects	$ 45,600	$ 226,752	$ 268,442	$ (41,690)
Debt service:				
Principal retirement	$ 2,339,055	$ 2,350,869	$ 5,050,696	$ (2,699,827)
Interest and other fiscal charges	721,397	741,281	1,557,704	(816,423)
Bond issuance costs	-	-	178,748	(178,748)
Total debt service	$ 3,060,452	$ 3,092,150	$ 6,787,148	$ (3,694,998)
Total General Fund	$ 24,000,266	$ 25,276,010	$ 27,708,092	$ (2,432,082)
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ -	$ 19,882	$ 19,882	$ -
Total Asset Forfeiture fund	$ -	$ 19,882	$ 19,882	$ -
Total Primary Government	$ 24,000,266	$ 25,295,892	$ 27,727,974	$ (2,432,082)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	$ 1,397,960	$ 1,397,960	$ 1,480,526	$ (82,566)
Instruction costs:				
Instructional costs	$ 18,905,052	$ 18,905,052	$ 18,270,372	$ 634,680
Technology	1,682,687	1,682,687	2,070,180	(387,493)
Total instruction costs	$ 20,587,739	$ 20,587,739	$ 20,340,552	$ 247,187
Operating costs:				
Pupil transportation	$ 2,127,462	$ 2,127,462	$ 2,013,533	$ 113,929
Operation and maintenance of school plant	2,191,127	2,191,127	2,275,076	(83,949)
Food service and non-instructional	1,489,376	1,489,376	1,350,161	139,215
Facilities	308,251	308,251	276,739	31,512
Total operating costs	$ 6,116,216	$ 6,116,216	$ 5,915,509	$ 200,707
Total education	$ 28,101,915	$ 28,101,915	$ 27,736,587	$ 365,328
Total Discretely Presented Component Unit - School Board	$ 28,101,915	$ 28,101,915	$ 27,736,587	$ 365,328

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Public Service Authority	Total
2018-19	$ 1,109,138	$ 1,181,361	$ 7,744,249	$ 1,667,628	$ 2,943,181	$ 5,642,790	$ 685,720	$ 953,239	$ 1,486,013	$ 341,401	$ 23,754,720
2017-18	960,130	997,212	6,908,864	1,776,480	2,549,728	6,620,767	612,278	1,018,079	1,310,762	344,782	23,099,082
2016-17	949,882	937,298	6,675,438	2,083,874	2,449,863	6,243,278	543,517	910,975	1,377,032	360,251	22,531,408
2015-16	1,150,083	848,242	5,932,773	1,901,509	2,099,216	5,729,488	561,566	593,301	1,478,026	343,929	20,638,133
2014-15	1,343,304	800,448	5,852,643	1,475,097	1,804,644	5,593,639	507,656	894,400	2,022,846	344,843	20,639,520
2013-14	1,579,706	727,953	6,082,736	1,453,885	1,720,817	8,748,911	469,479	573,776	1,701,434	801,491	23,860,188
2012-13	1,129,245	720,041	5,294,984	1,219,203	1,715,921	8,434,803	497,565	1,961,182	1,737,202	284,378	22,994,524
2011-12	1,080,635	687,006	2,857,489	1,218,942	1,734,701	4,821,016	171,656	870,585	1,778,415	215,737	15,436,182
2010-11	1,101,780	682,045	5,012,068	1,352,902	1,676,559	5,021,544	479,442	931,949	1,876,169	52,409	18,186,867
2009-10	1,077,862	685,860	4,511,176	1,201,585	2,139,605	4,305,245	469,560	629,129	1,655,271	-	16,675,293

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
2018-19	$ 782,916	$ 5,271,790	$ 600	$ 13,638,445	$ 2,630,959	$ 53,353	$ 88,385	$ 1,284,487	$ 23,750,935
2017-18	641,165	4,994,023	-	12,395,028	2,580,028	45,120	92,938	1,317,641	22,065,943
2016-17	521,333	4,728,635	317,356	12,317,668	2,540,893	44,175	87,220	1,303,435	21,860,715
2015-16	510,411	4,580,269	-	11,944,860	2,495,653	28,471	59,879	1,256,329	20,875,872
2014-15	537,931	4,151,843	-	11,558,092	2,397,795	21,797	150,626	1,226,231	20,044,315
2013-14	526,899	4,127,970	117,953	11,252,512	2,228,527	30,930	1,548,947	1,260,137	21,093,875
2012-13	400,289	4,768,248	1,168,785	11,277,130	2,205,676	37,613	185,323	1,321,311	21,364,375
2011-12	380,937	4,205,478	-	11,311,703	2,120,029	13,462	1,717,362	1,245,402	20,994,373
2010-11	424,797	5,276,962	-	11,210,900	2,092,000	57,049	211,782	1,304,116	20,577,606
2009-10	378,658	4,179,204	-	15,096,410	2,011,042	138,469	210,229	1,292,305	23,306,317

(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	Capital Projects	Debt Service	Total
2018-19	$ 1,441,172	$ 1,139,437	$ 7,556,037	$ 1,512,428	$ 2,891,408	$ 27,753,909	$ 513,155	$ 927,193	$ 268,442	$ 6,787,148	$ 50,790,329
2017-18	1,440,861	1,049,636	7,755,603	1,623,260	2,639,148	28,031,520	579,790	1,028,313	194,234	2,202,987	46,545,352
2016-17	1,441,604	882,011	6,637,403	1,518,445	2,392,126	27,992,967	550,873	878,387	800,553	2,575,599	45,669,968
2015-16	1,359,604	836,644	5,882,374	1,407,136	2,088,069	27,054,109	551,805	697,115	1,443,605	2,572,960	43,893,421
2014-15	1,480,422	815,155	6,181,115	1,403,761	1,844,185	27,271,374	547,008	1,018,031	245,054	3,396,738	44,202,843
2013-14	1,596,476	724,378	6,112,925	1,391,541	1,695,066	25,167,398	482,503	630,345	-	3,015,908	40,816,540
2012-13	1,302,404	714,323	5,245,398	1,378,724	1,738,616	24,854,973	484,690	1,890,320	-	2,998,449	40,607,897
2011-12	1,315,043	698,740	5,409,834	1,204,719	1,792,357	24,745,312	492,844	873,669	61,433	2,903,175	39,497,126
2010-11	1,341,103	683,627	5,039,294	1,361,251	1,881,784	23,994,115	485,882	890,656	-	2,589,445	38,267,157
2009-10	1,284,573	707,881	4,714,035	1,192,312	2,045,307	25,716,881	469,691	632,530	424,283	2,740,203	39,927,696

(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
2018-19	$ 13,685,589	$ 2,630,959	$ 68,349	$ 28,190	$ 55,639	$ 891,321	$ 675,954	$ 952,745	$ 28,281,222	$ 47,269,968
2017-18	12,358,878	2,580,028	80,507	20,530	47,105	754,450	651,297	1,056,966	27,586,403	45,136,164
2016-17	12,298,113	2,540,893	64,790	27,388	47,643	733,652	758,108	1,035,402	27,802,489	45,308,478
2015-16	11,995,394	2,495,653	54,022	24,692	40,740	742,466	383,219	856,738	27,112,367	43,705,291
2014-15	11,501,012	2,397,795	66,183	17,507	28,718	1,117,325	267,955	1,254,924	26,466,051	43,117,470
2013-14	11,378,490	2,228,527	81,031	18,892	33,409	1,102,511	160,715	1,136,560	24,688,399	40,828,534
2012-13	11,301,734	2,205,676	60,007	18,201	29,888	845,646	429,315	1,295,934	24,367,985	40,554,386
2011-12	11,184,689	2,120,029	95,442	16,377	19,678	805,300	1,189,965	605,630	23,721,899	39,759,009
2010-11	11,046,404	2,092,000	82,905	26,708	66,548	828,660	1,091,847	442,105	23,875,791	39,552,968
2009-10	15,487,478	2,522,670	81,406	28,251	78,867	820,319	1,215,160	573,619	24,709,818	45,517,588

(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
2018-19	$ 13,358,254	$ 12,869,209	96.34%	$ 565,543	$ 13,434,752	100.57%	$ 1,126,781	8.44%
2017-18	12,150,109	11,614,909	95.60%	516,022	12,130,931	99.84%	1,074,666	8.84%
2016-17	12,058,405	11,605,386	96.24%	468,689	12,074,075	100.13%	1,057,435	8.77%
2015-16	11,742,587	11,293,278	96.17%	488,812	11,782,090	100.34%	1,011,140	8.61%
2014-15	11,308,370	11,052,086	97.73%	260,125	11,312,211	100.03%	1,066,079	9.43%
2013-14	11,213,531	10,885,053	97.07%	301,174	11,186,227	99.76%	1,034,713	9.23%
2012-13	11,034,952	10,805,696	97.92%	304,939	11,110,635	100.69%	1,166,071	10.57%
2011-12	11,028,994	10,753,469	97.50%	267,374	11,020,843	99.93%	1,183,290	10.73%
2010-11	10,729,935	10,274,440	95.75%	186,770	10,461,210	97.50%	811,357	7.56%
2009-10 (3)	14,853,858	14,781,753	99.51%	252,948	15,034,701	101.22%	857,981	5.78%

(1) Exclusive of penalties and interest.
(2) Exclusive of land redemptions.
(3) 2009-2010 was the first year that the County implemented twice-year collections for real estate. There was a bookkeeping change relative to stated real estate levies. The real estate levies include the 2009 taxes and the 1st half of the 2010 taxes which were due June 2010. Twice year collections calculated on the billings of December of the first year and June of the second year.

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) Real Estate and Personal Property	Total
2018-19	$ 1,577,743,350	$ 180,371,173	$ 40,999,490	$ 110,107,807	$ 1,909,221,820
2017-18	1,569,230,400	178,595,077	37,324,141	76,804,155	1,861,953,773
2016-17	1,563,661,350	173,386,314	38,492,368	78,496,926	1,854,036,958
2015-16	1,560,070,500	167,955,144	38,455,812	81,109,560	1,847,591,016
2014-15	1,655,322,650	166,685,416	34,927,504	75,872,248	1,932,807,818
2013-14	1,747,596,250	164,524,594	35,330,203	73,199,458	2,020,650,505
2012-13	1,739,594,600	163,831,979	34,548,797	52,520,654	1,990,496,030
2011-12	1,732,478,250	161,666,824	33,603,847	67,438,239	1,995,187,160
2010-11	1,724,443,955	161,488,870	36,202,239	64,197,225	1,986,332,289
2009-10(4)	2,558,862,025	152,193,677	39,433,886	65,732,477	2,816,222,065

(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.
(4) 2009-10 was the first year that the County implemented twice-year collections. The assessed values include 2009 taxes and the 1st half of 2010 taxes which were due in June 2010.

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
2018-19	$ 0.57/0.68	$ 1.71	$ 1.71	$ 0.57
2017-18	0.57	1.71	1.71	0.57
2016-17	0.57	1.71	1.71	0.57
2015-16	0.55/0.57	1.71	1.71	0.55
2014-15	0.48/0.55	1.71	1.71	0.48
2013-14	0.48	1.71	1.71	0.48
2012-13	0.48	1.71	1.71	0.48
2011-12	0.48	1.71	1.71	0.48
2010-11	0.48	1.71	1.71	0.48
2009-10	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
2018-19	18,490	$ 1,909,222	$ 34,572,103	$ 34,572,103	1.81%	$ 1,870
2017-18	18,490	1,861,954	33,500,213	33,500,213	1.80%	1,812
2016-17	18,490	1,854,037	34,214,440	34,214,440	1.85%	1,850
2015-16	18,490	1,847,591	33,993,424	33,993,424	1.84%	1,838
2014-15	18,490	1,932,808	31,959,054	31,959,054	1.65%	1,728
2013-14	18,490	2,020,651	32,636,386	32,636,386	1.62%	1,765
2012-13	18,490	1,990,496	33,722,870	33,722,870	1.69%	1,824
2011-12	18,490	1,995,187	34,782,901	34,782,901	1.74%	1,881
2010-11	18,490	1,986,332	35,812,106	35,812,106	1.80%	1,937
2009-10	19,407	2,816,222	36,706,993	36,706,993	1.30%	1,891

(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
2018-19	$ 1,346,986	$ 1,557,704	$ 2,904,690	$ 50,790,329	5.72%
2017-18	1,295,107	907,880	2,202,987	46,545,352	4.73%
2016-17	1,105,697	1,469,902	2,575,599	45,669,968	5.64%
2015-16	885,171	1,687,789	2,572,960	43,893,421	5.86%
2014-15	1,265,923	1,719,316	2,985,239	44,202,843	6.75%
2013-14	1,290,577	1,725,331	3,015,908	40,816,540	7.39%
2012-13	1,228,615	1,769,834	2,998,449	40,607,897	7.38%
2011-12	1,185,427	1,717,748	2,903,175	39,497,126	7.35%
2010-11	894,887	1,694,558	2,589,445	38,267,157	6.77%
2009-10	895,839	1,530,898	2,426,737	39,927,696	6.08%

(1) Includes General and Special Revenue funds of the Primary Government and Special Revenue fund of the Discretely Presented Component Unit - School Board.
(2) Excludes bond issuance costs.
(3) Excludes fiscal year 2019 amounts refunded.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements and have issued our report thereon dated November 25, 2019.

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) to determine the 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 determination of financial statement amounts. 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
November 25, 2019

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, 2019. 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, 2019.

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
November 25, 2019

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number			Federal Expenditures
Department of Health and Human Services:					
Pass Through Payments:					
Department of Social Services:					
Child Care and Development Fund Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Func	93.596	0760118, 0760119			$ 29,397
Promoting Safe and Stable Families	93.556	0950117, 0950118			13,159
TANF Cluster:					
Temporary Assistance for Needy Families	93.558	0400118, 0400119			176,510
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118, 0500119			81
Low-Income Home Energy Assistance	93.568	0600418, 0600419			26,848
Chafee Education and Training Vouchers	93.599	9160118			1,919
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900117, 0900118			189
Foster Care - Title IV-E	93.658	1100118, 1100119			157,432
Adoption Assistance	93.659	1120118, 1120119			28,556
Social Services Block Grant	93.667	1000118, 1000119			138,436
Chafee Foster Care Independence Program	93.674	9150118, 9150119			1,429
Children's Health Insurance Program	93.767	0540118, 0540119			5,483
Medicaid Cluster:					
Medical Assistance Program	93.778	1200118, 1200119			250,830
Total Department of Health and Human Services					$ 830,269
Department of Agriculture:					
Pass Through Payments:					
Department of Education:					
State Administrative Expenses for Child Nutrition	10.560	DOE86507			$ 100
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE86804			10,745
Child Nutrition Cluster:					
Department of Education:					
School Breakfast Program	10.553	APE40253		$ 300,919	
National School Lunch Program	10.555	APE40254	$ 571,127		
Department of Agriculture:					
Food Distribution (Note 3)	10.555	Not available	92,685	663,812	
Summer Food Service Program for Children	10.559	Not available		9,836	
Total Child Nutrition Cluster					$ 974,567
Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nurition Assistance Program	10.561	0010118, 0010119 0040118, 0040119			221,688
Total Department of Agriculture					$ 1,207,100
Department of Homeland Security:					
Pass Through Payments:					
Department of Emergency Management:					
Emergency Management Performance Grant	97.042	EMP-2018-EP-00007			$ 7,500
Department of Justice:					
Direct payments:					
Equitable Sharing Program	16.922	N/A			$ 5,000
Pass Through Payments:					
Department of Criminal Justice Services:					
Crime Victim Assistance	16.575	17VAGX0018			$ 52,011
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	15DJBX1062			60,382
Violence Against Women Formula Grants	16.588	18WFAX0056			30,000
Total Department of Justice					$ 147,393
Department of Transportation:					
Pass Through Payments:					
Department of Motor Vehicles:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FSC-2019-59052-9052			$ 10,700
Alcohol Open Container Requirements	20.607	154AL-2019-59012-9012			12,382
Total Department of Transportation					$ 23,082

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

Department of Education:				
Pass Through Payments:				
Franklin County, Virginia School Board:				
Adult Education - Basic Grants to States	84.002	APE42801		$ 8,874
Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	APE43071	$ 551,271	
Special Education - Preschool Grants	84.173	APE62521	11,977	
Total Special Education Cluster				563,248
Title I: Grants to Local Educational Agencies	84.010	APE42901		747,741
Career and Technical Education-Basic Grants to States	84.048	APE61095		58,867
Rural Education	84.358	APE43481		52,392
Supporting Effective Instruction State Grant	84.367	APE61480		92,824
Student Support and Academic Enrichment	84.424	APE60019		2,621
Total Department of Education				$ 1,526,567
Total Expenditures of Federal Awards				$ 3,741,911

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, 2019. 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, 2019, the School Board had $42,150 in food commodities inventory.

Note 4 -- Subrecipients
The County did not have any subrecipients during the fiscal year.

Note 5 -- Federal Loans
The Patrick County Public Service Authority (blended component unit) had their outstanding federal USDA loans refunded during FY19 and no longer has any federal loans

Note 6 -- Relationship to the Financial Statements
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	$ 1,339,808
Less: Payment in lieu of taxes	(21,769)
Less: Interest subsidy	(93,107)
Asset Forfeiture Fund	-
Add: Federal asset forfeiture expenditures of funds on hanc	5,000
Total primary government	$ 1,229,932
Component Unit School Board:	
School Operating Fund	$ 2,511,979
Total component unit school board	$ 2,511,979
Total federal expenditures per basic financial statements	$ 3,741,911

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:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings

There were no prior year findings.