

# COUNTY OF PATRICK, VIRGINIA

## AUDIT PRESENTATION

FOR YEAR ENDED JUNE 30, 2021



DECEMBER 28, 2021

### CONTACT INFORMATION:

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT  
ON FINANCIAL ANALYSIS

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

We have audited in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the County of Patrick, Virginia for the years ended June 30, 2012-2021. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. In our reports we expressed an unmodified opinion for the years ended June 30, 2012-2021. The financial analysis set forth in this section is presented for purposes of additional analysis and is not a required part of the basic financial statements. However, this financial analysis was derived from, and should be read in conjunction with, the basic financial statements and the reports thereon. Any information which is of nonaccounting nature has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on it.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 28, 2021

**BLACKSBURG OFFICE:**  
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**County of Patrick, Virginia**  
**General Fund Summary**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<b>Annualized Growth Rates</b>
<b>REVENUES</b>											
General property taxes	\$ 11,184,689	\$ 11,301,734	\$ 11,378,490	\$ 11,501,012	\$ 11,995,394	\$ 12,298,113	\$ 12,358,878	\$ 13,685,589	\$ 14,542,405	\$ 14,651,305	3.05%
Other local taxes	2,120,029	2,205,676	2,228,527	2,397,795	2,495,653	2,540,893	2,580,028	2,630,959	2,785,240	3,577,053	5.98%
Permits, privilege fees, and regulatory licenses	95,442	60,007	81,031	66,183	54,022	64,790	80,507	68,349	72,788	88,880	
Fines and forfeitures	16,377	18,201	18,892	17,507	24,692	27,388	20,530	28,190	20,401	37,064	
Revenue from the use of money and property	11,131	21,985	28,118	21,202	27,727	43,233	44,076	51,894	47,465	25,930	
Charges for services	220,616	282,248	336,837	348,042	318,352	330,253	414,901	551,942	558,090	538,435	
Miscellaneous	229,908	203,037	84,537	150,626	59,879	87,220	92,938	88,385	198,114	317,355	
Recovered costs	543,978	704,494	670,064	781,215	756,305	873,238	964,697	819,194	919,236	1,022,770	
Intergovernmental	5,357,235	6,077,687	5,312,699	5,378,074	5,829,938	6,344,103	6,300,190	6,545,977	6,931,765	9,996,723	7.18%
Total revenues	<b>\$ 19,779,405</b>	<b>\$ 20,875,069</b>	<b>\$ 20,139,195</b>	<b>\$ 20,661,656</b>	<b>\$ 21,561,962</b>	<b>\$ 22,609,231</b>	<b>\$ 22,856,745</b>	<b>\$ 24,470,479</b>	<b>\$ 26,075,504</b>	<b>\$ 30,255,515</b>	<b>4.84%</b>
<b>EXPENDITURES</b>											
General government administration	\$ 1,315,043	\$ 1,302,404	\$ 1,596,476	\$ 1,480,422	\$ 1,359,604	\$ 1,441,604	\$ 1,440,861	\$ 1,441,172	\$ 1,722,099	\$ 1,672,637	2.71%
Judicial administration	698,740	714,323	724,378	815,155	836,644	882,011	1,049,636	1,139,437	1,249,062	1,269,756	6.86%
Public safety	5,381,619	5,233,932	6,016,498	6,163,896	5,866,635	6,628,684	7,740,086	7,536,155	7,795,372	8,551,024	5.28%
Public works	1,204,719	1,376,564	1,391,541	1,403,761	1,407,136	1,518,445	1,623,260	1,512,428	1,519,158	1,951,110	5.50%
Health and welfare	1,792,357	1,738,616	1,695,066	1,844,185	2,088,069	2,392,126	2,639,148	2,891,408	2,988,596	3,214,619	6.71%
Education	4,937,375	4,584,994	4,660,379	4,718,631	4,851,974	5,292,042	5,669,531	4,691,564	4,767,759	4,550,396	-0.90%
Parks, recreation, and cultural	492,844	484,690	482,503	547,008	551,805	550,873	579,790	513,155	508,802	535,378	0.92%
Community development	873,669	1,890,320	630,345	1,018,031	697,115	878,387	1,028,313	927,193	872,151	1,348,752	4.94%
Nondepartmental	-	-	-	-	-	-	-	-	-	264,006	
Capital Projects	61,433	274,028	132,740	245,054	1,443,605	800,553	194,234	268,442	140,619	79,948	2.97%
Debt service	2,903,175	2,998,449	3,015,908	3,396,738	2,572,960	2,575,599	2,202,987	6,787,148	2,406,694	2,702,187	-0.79%
Total expenditures	<b>\$ 19,660,974</b>	<b>\$ 20,598,320</b>	<b>\$ 20,345,834</b>	<b>\$ 21,632,881</b>	<b>\$ 21,675,547</b>	<b>\$ 22,960,324</b>	<b>\$ 24,167,846</b>	<b>\$ 27,708,092</b>	<b>\$ 23,970,312</b>	<b>\$ 26,139,813</b>	<b>3.22%</b>
Excess (deficiency) of revenues over (under) expenditures	<b>\$ 118,431</b>	<b>\$ 276,749</b>	<b>\$ (206,639)</b>	<b>\$ (971,225)</b>	<b>\$ (113,585)</b>	<b>\$ (351,093)</b>	<b>\$ (1,311,101)</b>	<b>\$ (3,237,613)</b>	<b>\$ 2,105,192</b>	<b>\$ 4,115,702</b>	
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	1,100,233	-	-	-	-	-	-	-	150,000	4,278	
Transfers out	(171,716)	(431,562)	(224,313)	(206,898)	(169,049)	(194,349)	(250,402)	(3,409,060)	(820,073)	(310,911)	
Net bond/lease issuance	-	-	-	476,355	1,188,117	-	352,320	6,871,000	-	-	
Sale of capital assets	-	50,000	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	<b>\$ 928,517</b>	<b>\$ (431,562)</b>	<b>\$ (174,313)</b>	<b>\$ 269,457</b>	<b>\$ 1,019,068</b>	<b>\$ (194,349)</b>	<b>\$ 101,918</b>	<b>\$ 3,461,940</b>	<b>\$ (670,073)</b>	<b>\$ (306,633)</b>	
Net change in fund balances	<b>\$ 1,046,948</b>	<b>\$ (154,813)</b>	<b>\$ (380,952)</b>	<b>\$ (701,768)</b>	<b>\$ 905,483</b>	<b>\$ (545,442)</b>	<b>\$ (1,209,183)</b>	<b>\$ 224,327</b>	<b>\$ 1,435,119</b>	<b>\$ 3,809,069</b>	
Fund balances - beginning	<b>\$ 6,609,677</b>	<b>\$ 7,656,625</b>	<b>\$ 7,501,812</b>	<b>\$ 7,189,662</b>	<b>\$ 6,487,894</b>	<b>\$ 7,393,377</b>	<b>\$ 6,847,935</b>	<b>\$ 5,638,752</b>	<b>\$ 5,863,079</b>	<b>\$ 7,172,113</b>	
Fund balances - ending	<b>\$ 7,656,625</b>	<b>\$ 7,501,812</b>	<b>\$ 7,120,860</b>	<b>\$ 6,487,894</b>	<b>\$ 7,393,377</b>	<b>\$ 6,847,935</b>	<b>\$ 5,638,752</b>	<b>\$ 5,863,079</b>	<b>\$ 7,298,198</b>	<b>\$ 10,981,182</b>	<b>4.09%</b>

Summarized from Financial Reports for the fiscal years listed above.

**County of Patrick, Virginia**  
**Calculation of Operating Reserve**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Ending General Fund Balance	\$ 7,656,625	\$ 7,501,812	\$ 7,120,860	\$ 6,487,894	\$ 7,393,377	\$ 6,847,935	\$ 5,638,752	\$ 5,863,079	\$ 7,298,198	\$ 10,981,182
Ending General Fund Cash and Investments Balance	\$ 6,138,455	\$ 7,262,946	\$ 6,840,633	\$ 6,250,856	\$ 7,486,571	\$ 6,848,284	\$ 5,332,262	\$ 5,440,868	\$ 7,933,424	\$ 11,269,141
Total County General Fund operating expenditures	\$ 19,660,974	\$ 20,598,320	\$ 20,345,834	\$ 21,632,881	\$ 21,675,547	\$ 22,960,324	\$ 24,167,846	\$ 27,708,092	\$ 23,970,312	\$ 26,139,813
School Board operating expenditures	23,978,329	24,730,315	24,839,976	25,152,401	27,254,877	27,976,470	28,014,198	27,736,587	26,874,769	29,477,401
Local contribution to School Board	(4,937,375)	(4,584,994)	(4,660,379)	(4,718,631)	(4,702,134)	(5,275,545)	(5,652,209)	(4,674,232)	(4,750,437)	(4,533,396)
Net Operating Expenditures	\$ 38,701,928	\$ 40,743,641	\$ 40,525,431	\$ 42,066,651	\$ 44,228,290	\$ 45,661,249	\$ 46,529,835	\$ 50,770,447	\$ 46,094,644	\$ 51,083,818
Ending Fund Balance as a % of Operating Expenditures	19.8%	18.4%	17.6%	15.4%	16.7%	15.0%	12.1%	11.5%	15.8%	21.5%
Ending Cash Balance as a % of Operating Expenditures	15.9%	17.8%	16.9%	14.9%	16.9%	15.0%	11.5%	10.7%	17.2%	22.1%
Unassigned Fund Balance	\$ 7,656,625	\$ 7,153,078	\$ 6,971,591	\$ 6,468,359	\$ 7,357,511	\$ 5,849,512	\$ 4,773,146	\$ 4,924,895	\$ 6,411,718	\$ 9,896,194
Ending Unassigned FB as a % of Operating Expenditures	19.8%	17.6%	17.2%	15.4%	16.6%	12.8%	10.3%	9.7%	13.9%	19.4%

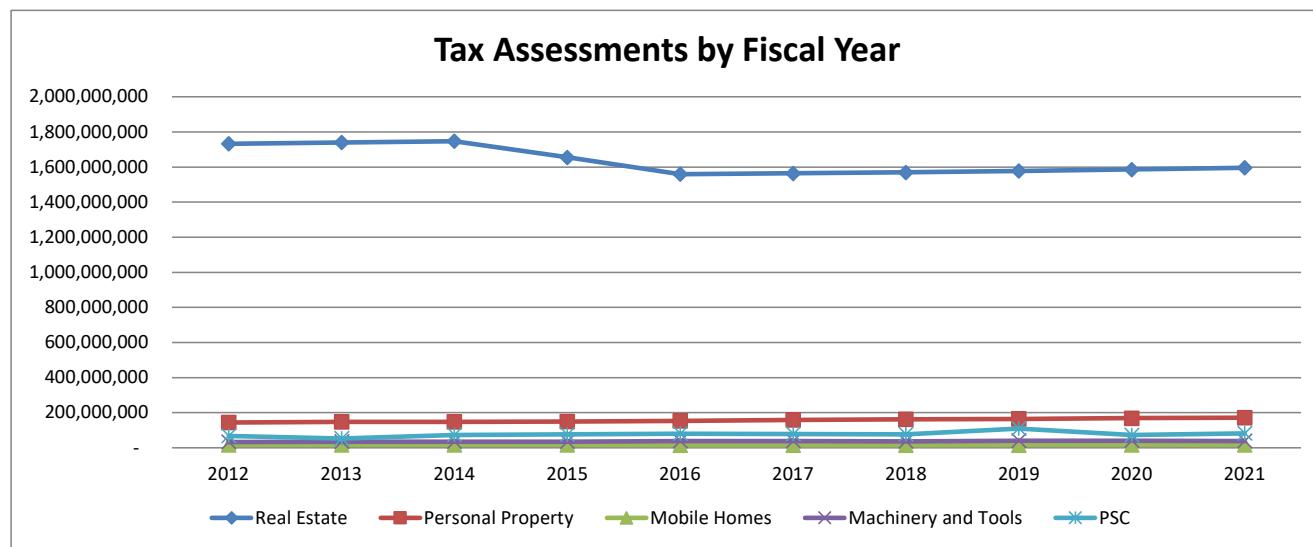
GFOA recommends a minimum unassigned fund balance of 2 months (or **16.67%**) of general operating expenditures as well as considering each local governments economics and planning ([www.gfoa.org/fund-balance-guidelines-general-fund](http://www.gfoa.org/fund-balance-guidelines-general-fund)).

Summarized from Financial Reports for the fiscal years listed above.

**County of Patrick, Virginia**  
**Summary of Original Tax Assessments**

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Tax Rate</b>	<b>Personal Property</b>	<b>Tax Rate</b>	<b>Mobile Homes</b>	<b>Tax Rate</b>	<b>Machinery and Tools</b>	<b>Tax Rate</b>	<b>PSC</b>	<b>Total</b>	<b>Percentage Increase</b>
2012	1,732,478,250	0.48	145,193,617	1.71	16,473,207	0.48	33,603,847	1.71	67,438,239	1,995,187,160	0.446%
2013	1,739,594,600	0.48	147,329,828	1.71	16,502,151	0.48	34,548,797	1.71	52,520,654	1,990,496,030	-0.235%
2014	1,747,596,250	0.48	147,834,214	1.71	16,690,380	0.48	35,330,203	1.71	73,199,458	2,020,650,505	1.515%
2015	1,655,322,650	0.48/.55	150,127,436	1.71	16,557,980	0.48/.55	34,927,504	1.71	75,872,248	1,932,807,818	-4.347%
2016	1,560,070,500	0.55/.57	153,018,518	1.71	14,936,626	0.55/.57	38,455,812	1.71	81,109,560	1,847,591,016	-4.409%
2017	1,563,661,350	0.57	158,190,720	1.71	15,195,594	0.57	38,492,368	1.71	78,496,926	1,854,036,958	0.349%
2018	1,569,230,400	0.57	163,124,160	1.71	15,470,917	0.57	37,324,141	1.71	76,804,155	1,861,953,773	0.427%
2019	1,577,743,350	0.57/.68	164,770,905	1.71	15,600,268	0.57	40,999,490	1.71	110,107,807	1,909,221,820	2.539%
2020	1,585,562,750	0.68	168,842,522	1.71	15,944,504	0.68	40,593,034	1.71	72,310,995	1,883,253,805	-1.360%
2021	1,595,935,950	0.68	171,424,670	1.71	16,350,511	0.68	38,629,724	1.71	81,559,947	1,903,900,802	1.096%
Average	1,641,058,182		155,880,179		16,035,057		37,191,560		75,783,383	1,925,948,361	

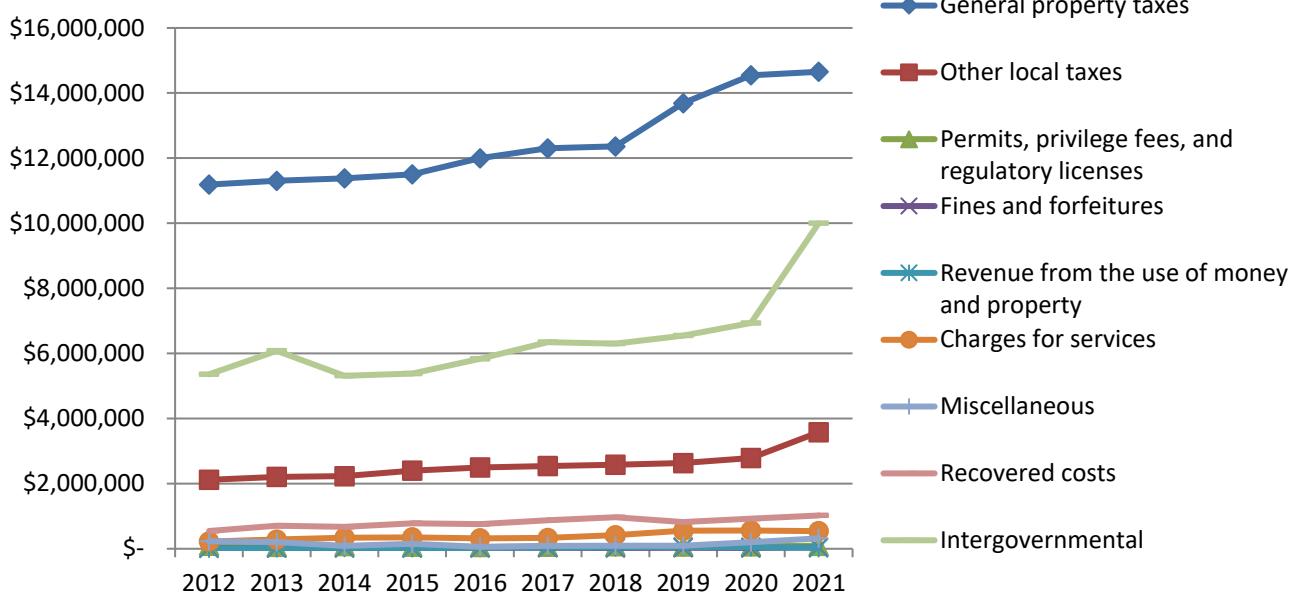
Annualized Growth Rates      -0.91%      1.86%      -0.08%      1.56%      2.13%      -0.52%



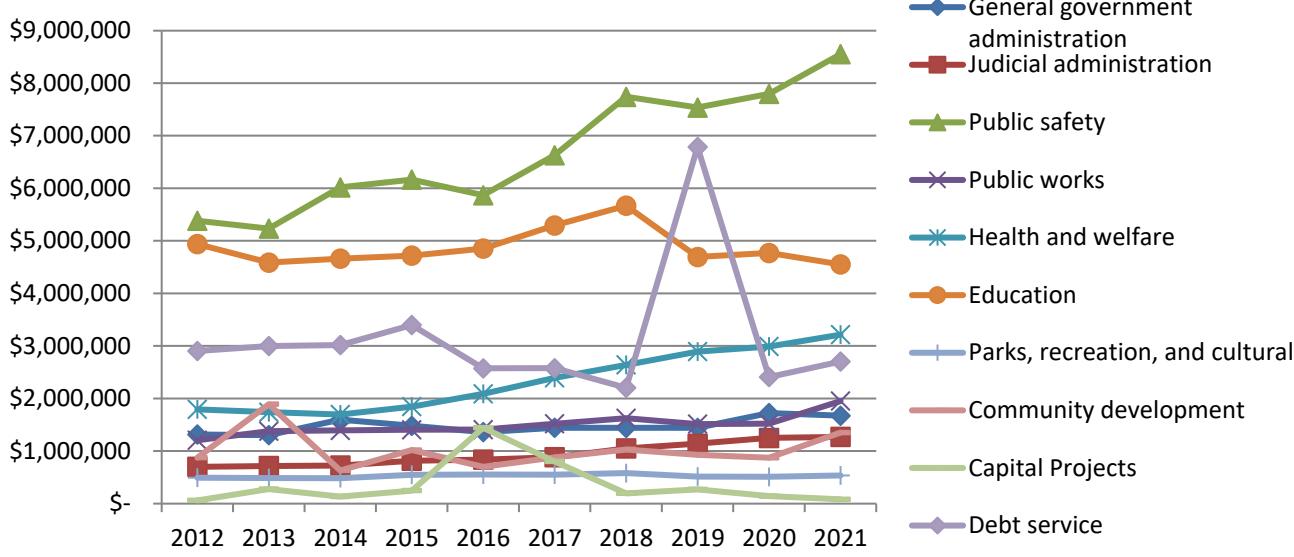
**County of Patrick, Virginia**  
**Summary of Debt**

												Annualized Growth Rates
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Total Outstanding Debt - General	\$ 38,557,893	\$ 37,328,072	\$ 36,278,096	\$ 40,732,223	\$ 41,123,170	\$ 40,955,317	\$ 39,263,923	\$ 41,683,816	\$ 42,110,731	\$ 41,932,513		0.94%
Total Outstanding Debt - Schools	848,743	992,070	1,202,300	22,964,336	24,111,612	26,640,954	27,895,586	26,357,390	27,750,941	29,223,344		48.17%
Total Outstanding Debt - Water/Sewer	2,968,659	3,508,640	3,466,679	3,423,009	3,377,560	3,330,259	3,281,032	-	-	-		
Grand Total Outstanding Debt	\$ 42,375,295	\$ 41,828,782	\$ 40,947,075	\$ 67,119,568	\$ 68,612,342	\$ 70,926,530	\$ 70,440,541	\$ 68,041,206	\$ 69,861,672	\$ 71,155,857		5.93%
Population (2010 Census)/APA Comparative Cost Report	18,635	18,691	18,691	18,718	18,718	18,039	18,039	17,790	17,790	17,790		-0.51%
<b>Debt per Capita:</b>												
County of Patrick, Virginia (Total Debt)	\$ 2,274	\$ 2,238	\$ 2,191	\$ 3,586	\$ 3,666	\$ 3,932	\$ 3,905	\$ 3,825	\$ 3,927	\$ 4,000		6.48%
State Avg. per APA	2,757	2,757	2,757	3,509	3,645	3,918	4,017	3,991	4,222	4,222		

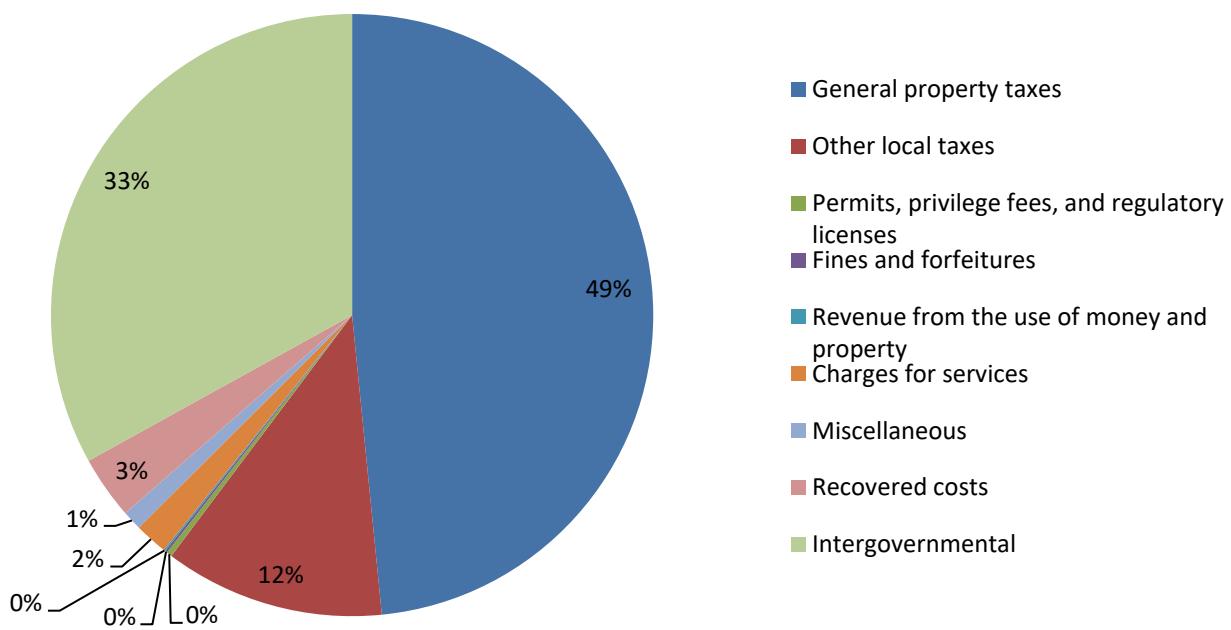
## General Fund Revenues by Fiscal Year



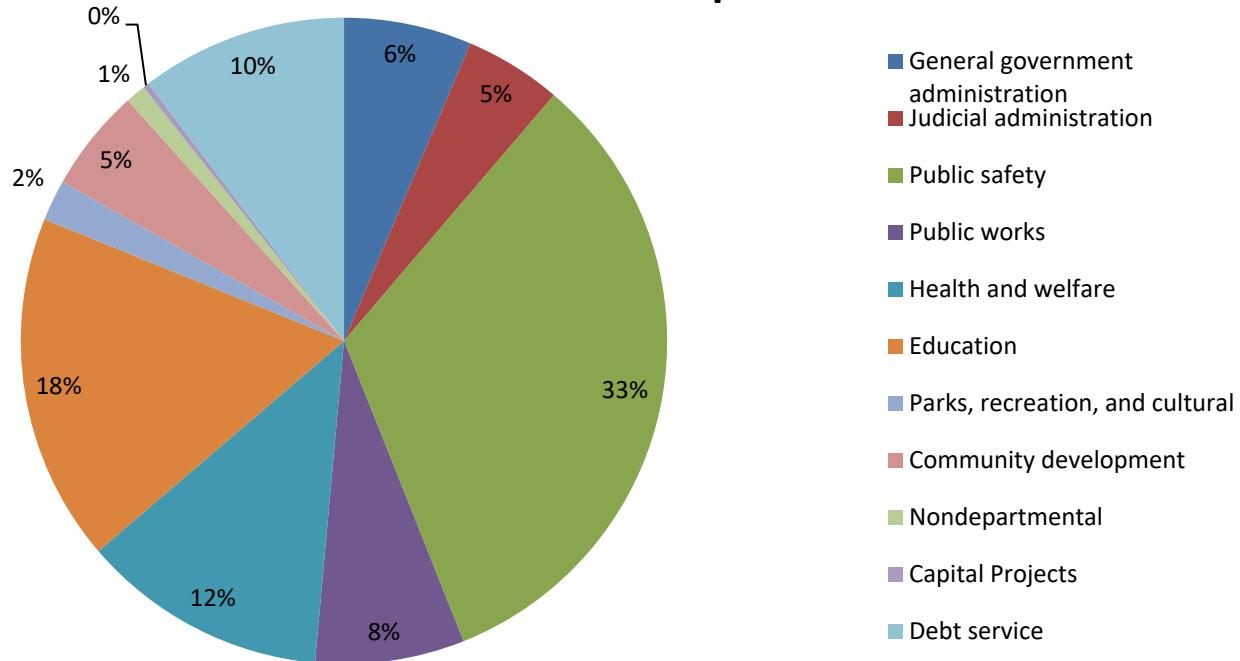
## General Fund Expenditures by Fiscal Year



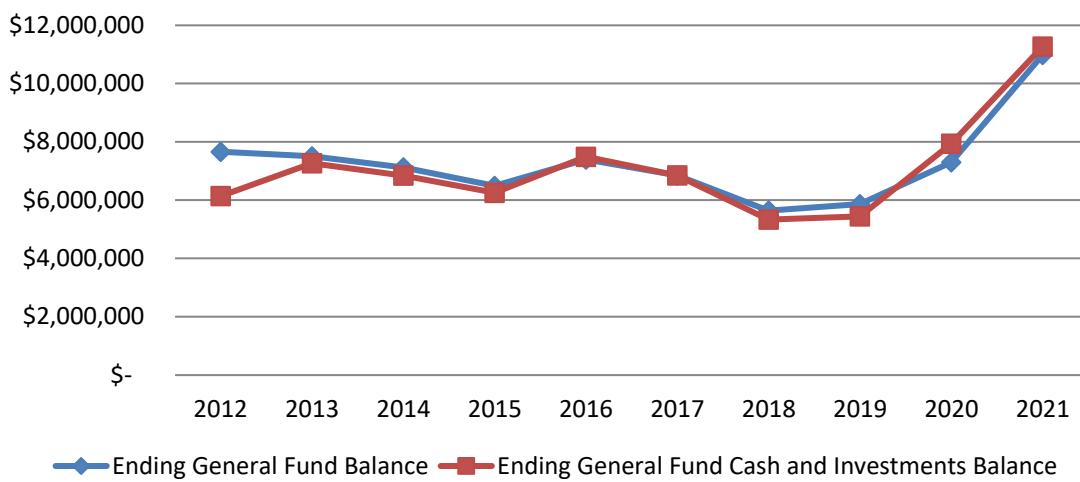
## FY21 General Fund Revenues



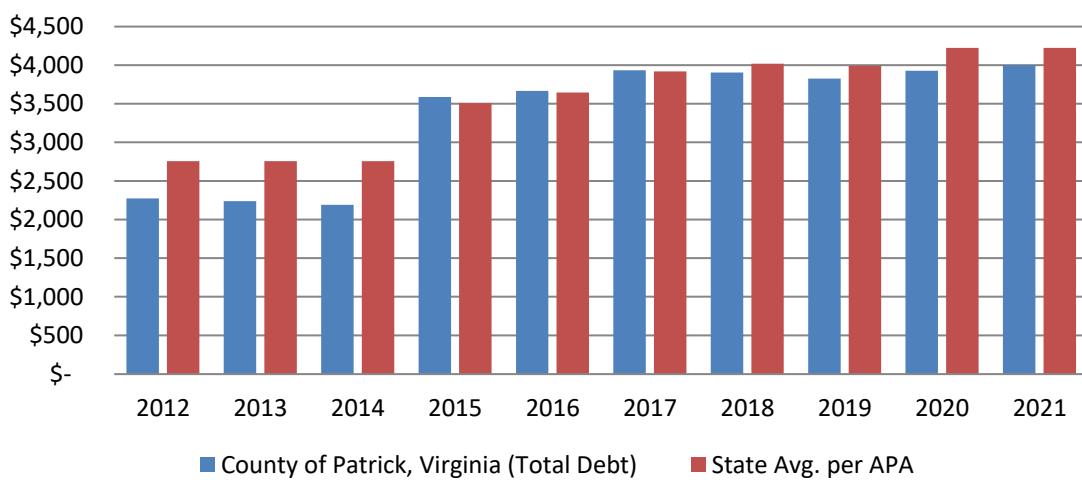
## FY21 General Fund Expenditures



## General Fund Cash, Investments, and Fund Balance by Fiscal Year



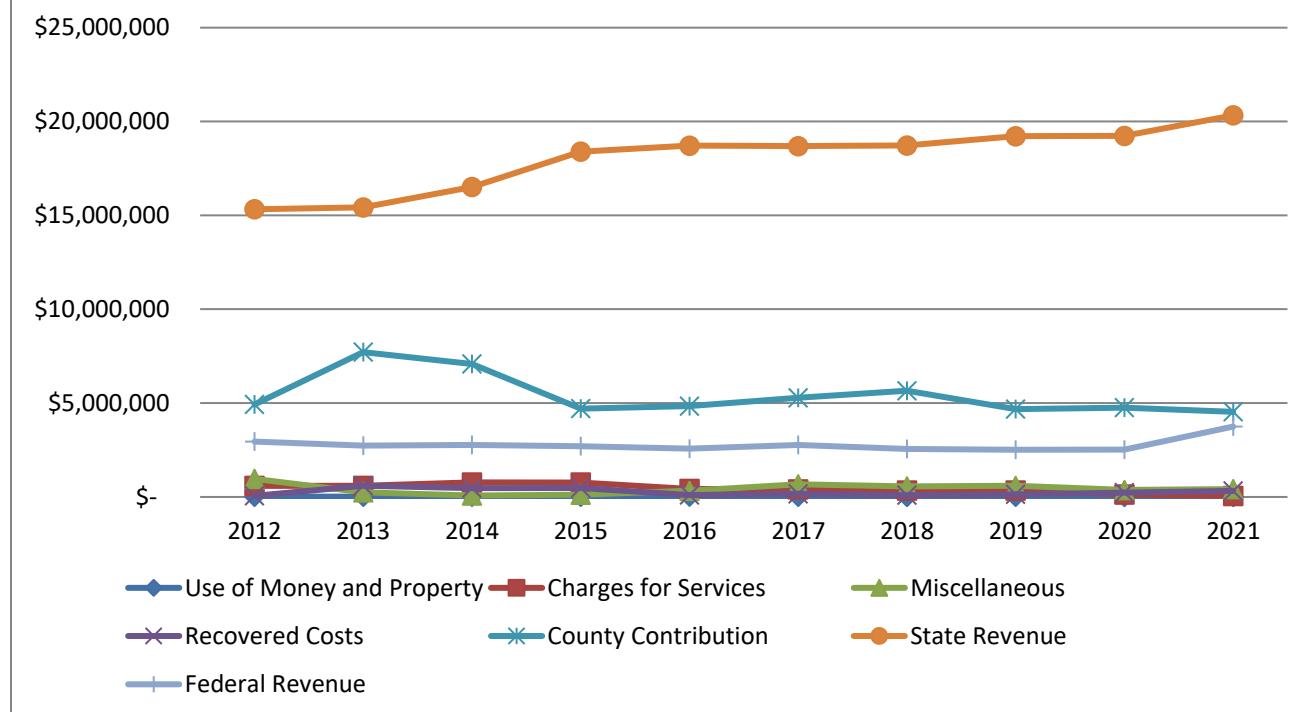
## Debt per Capita by Fiscal Year



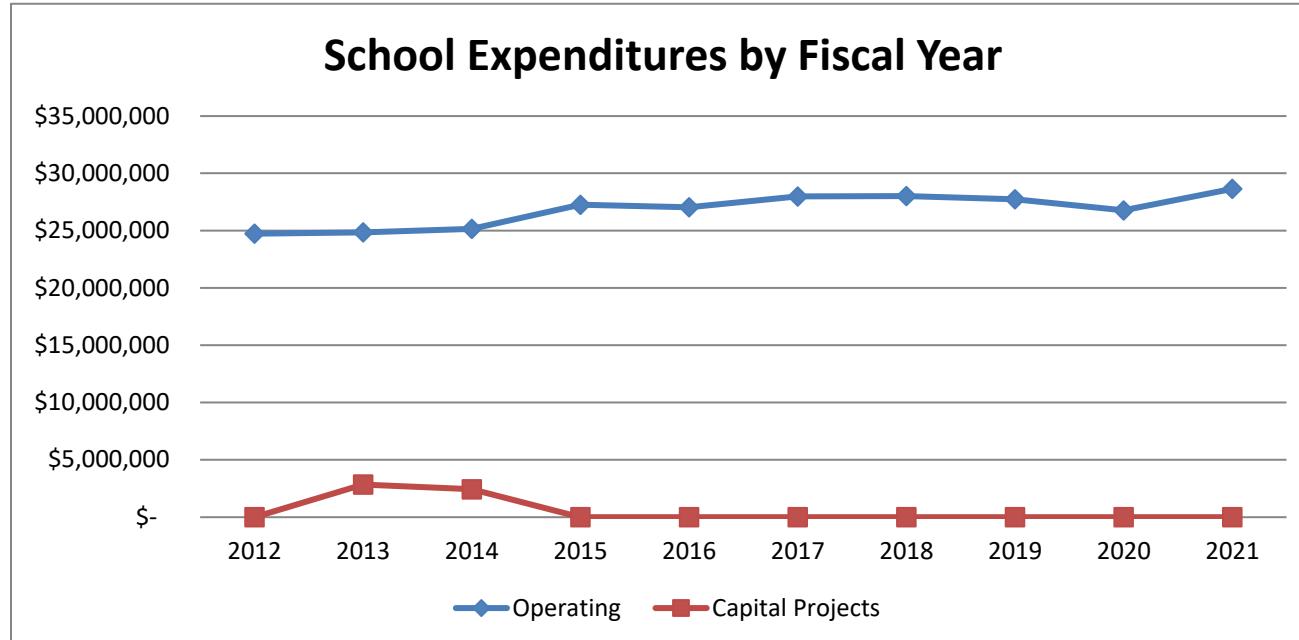
**County of Patrick, Virginia**  
**School Fund Summary**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<b>Annualized Growth Rates</b>
<b>REVENUES</b>											
Revenue from the use of money and property	\$ 8,261	\$ 7,317	\$ 4,985	\$ 7,202	\$ 12,705	\$ 4,059	\$ 2,553	\$ 2,994	\$ 1,796	\$ 259	-31.94%
Charges for services	583,601	588,637	765,674	769,283	424,114	403,399	339,549	339,379	130,393	50,604	-23.79%
Miscellaneous	960,057	243,992	76,178	117,329	323,340	670,888	558,359	587,569	366,246	412,897	-8.95%
Recovered costs	61,652	591,440	466,496	473,709	100,433	162,164	92,269	133,551	224,883	316,199	19.92%
Intergovernmental revenues:											
Local government	4,922,378	7,715,381	7,081,333	4,702,134	4,835,477	5,275,545	5,652,209	4,674,232	4,750,437	4,533,396	-0.91%
Commonwealth	15,325,386	15,418,503	16,506,664	18,388,962	18,710,341	18,684,892	18,719,997	19,212,966	19,229,575	20,327,687	3.19%
Federal	2,945,633	2,728,017	2,768,628	2,699,015	2,565,428	2,768,171	2,554,742	2,511,979	2,516,945	3,745,182	2.70%
Total revenues	<b>\$ 24,806,968</b>	<b>\$ 27,293,287</b>	<b>\$ 27,669,958</b>	<b>\$ 27,157,634</b>	<b>\$ 26,971,838</b>	<b>\$ 27,969,118</b>	<b>\$ 27,919,678</b>	<b>\$ 27,462,670</b>	<b>\$ 27,220,275</b>	<b>\$ 29,386,224</b>	<b>1.90%</b>
<b>EXPENDITURES</b>											
Current:											
Education	\$ 24,730,315	\$ 24,839,976	\$ 25,152,401	\$ 27,254,877	\$ 27,037,612	\$ 27,976,470	\$ 28,014,198	\$ 27,736,587	\$ 26,760,283	\$ 28,650,267	<b>1.65%</b>
Capital projects	-	2,842,676	2,429,926	-	-	-	-	-	-	-	
Debt service	-	-	-	-	-	-	-	-	-	114,486	114,486
Total expenditures	<b>\$ 24,730,315</b>	<b>\$ 27,682,652</b>	<b>\$ 27,582,327</b>	<b>\$ 27,254,877</b>	<b>\$ 27,037,612</b>	<b>\$ 27,976,470</b>	<b>\$ 28,014,198</b>	<b>\$ 27,736,587</b>	<b>\$ 26,874,769</b>	<b>\$ 28,764,753</b>	
Excess (deficiency) of revenues over (under) expenditures	<b>\$ 76,653</b>	<b>\$ (389,365)</b>	<b>\$ 87,631</b>	<b>\$ (97,243)</b>	<b>\$ (65,774)</b>	<b>\$ (7,352)</b>	<b>\$ (94,520)</b>	<b>\$ (273,917)</b>	<b>\$ 345,506</b>	<b>\$ 621,471</b>	
<b>OTHER FINANCING SOURCES (USES)</b>											
Lease proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,168	\$ -	\$ -	
Transfer to SAF	-	-	-	-	-	-	-	-	-	-	(331,890)
Fund balances - beginning	(408,412)	(331,759)	253,592	341,223	243,980	178,206	170,854	76,334	129,585	475,091	
Fund balances - ending	<b>\$ (331,759)</b>	<b>\$ (721,124)</b>	<b>\$ 341,223</b>	<b>\$ 243,980</b>	<b>\$ 178,206</b>	<b>\$ 170,854</b>	<b>\$ 76,334</b>	<b>\$ 129,585</b>	<b>\$ 475,091</b>	<b>\$ 764,672</b>	<b>-209.72%</b>

## School Fund Revenue by Fiscal Year



## School Expenditures by Fiscal Year



## **Summary Information on the Implementation of GASB Nos. 68 and 71**

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The County and School Board report pension activity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Key provisions of these Statements are:

1. The County and School Board will present a net pension asset or liability for the difference between investments held in trust and the present value of projected pension benefits owed. Normally, the reported net pension asset or liability will be based on an actuarial valuation from the prior fiscal year. (i.e. net pension assets and liabilities reported at June 30, 2021 were based on an actuarial valuation as of June 30, 2019 measured as of June 30, 2020).
2. Contributions to pension plans after the valuation date, but before the end of the fiscal year are not reported as expenses, rather they are reported as deferred outflows in the statement of net position (balance sheet).
3. Investment earnings in any given year that exceed or fall short of each pension plan's projected earnings rate (6.75% for VRS) are reported as deferred inflows or outflows in the statement of net position (balance sheet) and amortized over future periods (currently 5 years).
4. Changes in expected and actual experience and changes in proportion are reported as deferred inflows or outflows in the statement of net position and amortized over future periods (currently 5 years).

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

	Discount Rate		
	(5.75%)	(6.75%)	(7.75%)
<b>Virginia Retirement System Plan</b>			
County's net pension liability (asset)	\$ 9,815,749	\$ 6,041,253	\$ 2,902,767
School Board's net pension liability (asset) (Teachers Pool)	\$31,568,889	\$21,516,057	\$13,201,095
School Board's net pension liability (asset) (Non-professional employees)	\$ 1,422,153	\$ 631,809	\$ (39,326)

# Accounting Update – Summary of Upcoming Pronouncements by the Governmental Accounting Standards Board (GASB)<sup>1</sup>

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## GASB STATEMENT NO. 87 - Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

### Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

### Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

- Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option
- Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option
- Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option
- Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

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<sup>1</sup> Source of information – Governmental Accounting Standards Board. Readers may obtain complete copies of these standards at: <http://www.gasb.org/>

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

- The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- An event specified in the lease contract that requires an extension or termination of the lease takes place.

## Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

## Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

## Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the

lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

### [Contracts with Multiple Components and Contract Combinations](#)

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

### [Lease Modifications and Terminations](#)

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

### [Subleases and Leaseback Transactions](#)

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

### [Effective Date and Transition](#)

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

## GASB STATEMENT NO. 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

### **Effective Date and Transition**

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

## GASB STATEMENT NO. 94 – Public-Public Partnership and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

### Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

## GASB STATEMENT NO. 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

### **Effective Date and Transition**

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

## GASB STATEMENT NO. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

## Effective Date and Transition

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.



**Independent Accountants' Report**

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**Auditor of Public Accounts**  
**P.O. Box 1295**  
**Richmond, VA 23218**

We have examined management of County of Patrick, Virginia's assertion that the census data reported to the Virginia Retirement System by County of Patrick, Virginia during the year ended June 30, 2021, were complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in §51.1-136 of the Code of Virginia. County of Patrick, Virginia's management is responsible for its assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the census data reported to the Virginia Retirement System by the County of Patrick, Virginia during the year ended June 30, 2021, were complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in §51.1-136 of the Code of Virginia, is fairly stated, in all material respects.

This report is intended solely for the information and use of County of Patrick, Virginia and the Auditor of Public Accounts of the Commonwealth of Virginia and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
October 1, 2021

cc: Local Governing Body  
School Board

## Appendix A

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We identified two control environments during this review, one for which County of Patrick, Virginia was responsible and one for which the County of Patrick, Virginia's School Board was responsible.

The following table reflects the population size and sample size for each procedure performed over the control environment for which County of Patrick, Virginia was responsible:

Required Audit Procedure	Population Size	Sample Size (1)	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements *	77	8	No risk identified - see note below for documentation of sample size.
Review of Eligibility of Newly Enrolled Members Reported to the VRS **	15	3	No risk identified - see note below for documentation of sample size.
Review of Monthly <i>myVRS</i> Navigator Contribution Confirmation Reconciliations ***	12	3	No risk identified - see note below for documentation of sample size.
Review of <i>myVRS</i> Navigator System Access ****	4	4	No risk identified - tested 100% of the population based on cost/benefit analysis

The following table reflects the population size and sample size for each procedure performed over the control environment for which County of Patrick, Virginia's School Board was responsible:

Required Audit Procedure	Population Size	Sample Size (1)	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements *	109	11	No risk identified - see note below for documentation of sample size.
Review of Eligibility of Newly Enrolled Members Reported to the VRS **	43	4	No risk identified - see note below for documentation of sample size.
Review of Monthly <i>myVRS</i> Navigator Contribution Confirmation Reconciliations ***	24	6	No risk identified - see note below for documentation of sample size.
Review of <i>myVRS</i> Navigator System Access ****	4	4	No risk identified - tested 100% of the population based on cost/benefit analysis

\*Asterisks in above table: Refer to corresponding number of asterisks in the Audit Specifications for the applicable audit procedures.

(1) Sample sizes are based on a 5% tolerable rate and approximately a 75% confidence level for populations over 250. Sample sizes for populations under 250 are based on a percentage of the population which is not less than 10%. Prior history, staff knowledge of VRS requirements, etc. was factored into determining sample size.

Date: December 13, 2021  
Memorandum to: Geri Hazelwood, County Administrator  
From: Robinson, Farmer, Cox Associates  
Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of County of Patrick, Virginia for the year ended June 30, 2021, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience.

**County:**

**Fire Program Funds**

During our audit we were unable to reconcile the annual FY2020 Annual ATL report to the fiscal year 2020 general ledger. We recommend the County work to reconcile those reports to the County and Treasurer records in the future.

**Conflict of Interest Forms**

During our review of the required annual forms, we noted that several board members did not complete the form in entirety. We recommend all required forms be completed thoroughly, timely, and submitted to the clerk for audit purposes.

**Federal Grants Policies:**

During our review of the County's purchasing and personnel policies for federal compliance, we noted several policies as required by Uniform Guidance may need to be added or updated. We recommend the County review both policies in total to ensure up to date compliance but specifically recommend the County address the following policies and procedures in writing: grant cash management, grant allowability review, and procurement.

**Health Insurance Fund:**

We recommend the County and School Board work together to better fund the health insurance fund through monthly premium charges to better account for the per person cost. During 2021, the County transferred \$310,911 into the Fund from the General Fund instead of increased premiums and therefore were not tracked within the expenditure report on a department level expenditure.

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(540) 552-7322

**CONTACT:**  
Scott Wickham, CPA, CFE  
Member  
swickham@rfca.com

**County: (Continued)**

**Transfer Station**

During our audit, we noted that the revenue collection process at the transfer station is a very manual process. We recommend the County consider purchasing a software to process billings to help ensure all revenue is properly recorded.

**Procurement - Ambulance**

During our testing, we found that the County obtained quotes for the purchase of an ambulance but did not advertise and receive sealed bids. We recommend the County follow requirements of the Virginia Public Procurement Act.

**CRF Reporting**

During our auditing of the COVID-19 Coronavirus Relief Fund, we noted that the County reported the entire Town allocation under economic support. However, per review of Town documentation provided to the County it appears \$53,296 was diverted payroll and should have been properly reported as same. We also believe the \$214,510 paid for sewer improvements would be best reported under public health instead of economic support. We recommend ensuring that amounts paid to subrecipients are properly reported.

**PSA:**

**Billings and Collections**

During our audit, we found that it was difficult to obtain adjustment reports for the PSA clients. We recommend the PSA obtain their own billing software to ensure they can monitor billings, adjustments, and collections.

**School Board:**

**School Nutrition Cash Balance:**

During our review, we noted that the cash balance in the School Nutrition Fund exceeded the limit of three months of operating expenditures due to not timely reimbursing the School Operating Fund for eligible expenditures. We recommend the School Board monitor the balances to ensure they don't exceed thresholds.

**Grant Reimbursement Requests:**

During our audit, we noted several reimbursement requests were not completed timely. We recommend all reimbursement requests be completely at least quarterly and preferably each month. If reimbursement requests are not performed timely it can lead to missing accruals and inaccurate financial information.

**Conflict of Interest Forms**

During our review of the required annual forms, we noted that the former Superintendent did not complete the form in entirety. We recommend all required forms be completed thoroughly, timely, and submitted to the clerk for audit purposes.

**School Board: (Continued)**

**Annual School Report**

During our reconciliation of the Annual School Report (ASR) for Virginia Department of Education we noted that it was difficult to recalculate the amounts as reported. We recommend the School Board create a spreadsheet that documents the crosswalk of the cash basis revenue and expenditure reports with the included accruals. In FY2021, the School Board was supposed to include the receipts and disbursements of the school activity funds within revenues and expenditures of the ASR.

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**Communication with Those Charged with Governance**

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**To the Board of Supervisors  
County of Patrick, Virginia**

We have audited 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 for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 7, 2021. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Patrick, Virginia are described in Note 1 to the financial statements. As described in Note 26 to the financial statements, County of Patrick, Virginia changed accounting policies by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, Fiduciary Activities. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 26 to the financial statements. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

Management's estimate of the depreciation is based on the straight-line method. We evaluated the key factors and assumptions used to develop the useful lives of assets and related depreciation calculation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts for property taxes and EMS accounts receivable is based on historical data. Amounts over a certain period delinquent are written off as uncollectible. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of net pension and OPEB liabilities is based on the entry age actuarial cost method. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of incurred but not reported (IBNR) insurance liability is based on industry standards and provided by the insurance provider. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 13, 2021.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. Our responsibility with respect to the budgetary comparison information, which also supplements the basic financial statements, is to evaluate the presentation of the schedules in relation to the financial statements as a whole and to report on whether it is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Matters (Continued)

We were engaged to report on other supplementary information and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory section and other statistical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the use of Board of Supervisors and management of the County of Patrick, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Robinson, Farmer, Cox Associates". The signature is written in a cursive, flowing style.

Blacksburg, Virginia  
December 13, 2021