

COUNTY OF PATRICK, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

COUNTY OF PATRICK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

COUNTY OF PATRICK, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

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

OTHER OFFICIALS

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

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Patrick, Virginia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Patrick County School Board's School Activity Funds which represent 11.6 percent, 37.0 percent, and 2.0 percent, respectively, of the assets, fund balances, and revenues of the discretely presented component unit-School Board as of June 30, 2023, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Patrick County School Board's School Activity Funds, are based solely on the report of the other auditors.

Change in Accounting Principles

As described in Note 24 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of County of Patrick, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Patrick, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Patrick, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, Famer, Cox Associates".

Blacksburg, Virginia
January 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of 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, 2023. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements that follow.

Financial Highlights

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,468,578 (net position). Of this amount, \$11,078,416 was considered unrestricted.
- The assets and deferred outflows of resources of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,857,363 (net position). Of this amount, \$178,764 was considered unrestricted.
- The liabilities and deferred inflows of resources of the School Board component unit exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$2,491,366 (net position).
- The assets of the EDA component unit exceeded its liabilities at the close of the fiscal year by \$3,239,439 (net position). Of this amount, \$1,482,623 was considered unrestricted.
- As of the close of the current fiscal year, the County reported combined ending fund balances of \$17,915,352. This is \$2,441,509 more than the prior fiscal year total fund balances. Of the current fiscal year fund balances, \$14,275,153 is considered unassigned, \$10,026 is considered non-spendable prepaid items, \$2,721,952 is considered restricted, and \$908,221 is considered assigned to specific funds.

When compared to the prior fiscal year, unassigned balances increased by \$1,329,669, non-spendable prepaid items increased by \$371, restricted balances increased \$1,351,238, and assigned fund balances decreased by \$239,769. The increase in unassigned fund balances was mostly due to increases in collections of sales and use, food & beverage, and personal property taxes. Vehicles saw an increase in assessed value as of January 1, 2023 significantly contributing to this increase in tax revenue.

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

As of June 30, 2023, there is a liability for unearned revenue of \$1,887,377 from American Rescue Plan (ARPA) Act of 2021 related grants. This amount is considered a liability since it will need to be returned to the Department of the Treasury if not spent on items allowed under the Coronavirus State and Local Fiscal Recovery Fund program.

- During the year, the County's governmental fund revenues exceeded expenditures by \$2,405,815. This is the fourth year in a row Patrick County has seen excess revenue over \$2 million, growing reserves thereby helping to mitigate current and future risks, such as revenue shortfalls and unanticipated expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget (Exhibit 12).

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

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

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

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

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

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows by \$24,325,941 at the close of the fiscal year 2023. The Component Units (School & EDA) also closed the year with a surplus of \$748,073.

The second largest portion of the County's net position, \$10,056,717, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and construction in progress), less any outstanding debt related to the acquisition of those assets. These capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of \$11,257,180, or 46.3% of the Primary Government's total net position may be used to meet the County's ongoing obligations to citizens and creditors.

The following table summarizes the Statement of Net Position as presented in the government-wide financial statement (Exhibit 1) for 2023 and 2022:

	Primary Government		Component Units (School & EDA)	
	2023	2022	2023	2022
Current assets	\$ 28,574,004	\$ 26,427,237	\$ 5,934,641	\$ 7,334,595
Capital assets	39,591,764	40,747,592	19,119,529	15,279,018
Total assets	<u>\$ 68,165,768</u>	<u>\$ 67,174,829</u>	<u>\$ 25,054,170</u>	<u>\$ 22,613,613</u>
Deferred outflows of resources	<u>\$ 3,742,234</u>	<u>\$ 4,194,454</u>	<u>\$ 5,682,972</u>	<u>\$ 5,388,058</u>
Current liabilities	\$ 3,737,897	\$ 4,402,470	\$ 2,996,297	\$ 3,908,853
Long-term liabilities	35,988,322	35,760,529	21,361,227	17,705,353
Total liabilities	<u>\$ 39,726,219</u>	<u>\$ 40,162,999</u>	<u>\$ 24,357,524</u>	<u>\$ 21,614,206</u>
Deferred inflows of resources	<u>\$ 7,855,842</u>	<u>\$ 10,103,021</u>	<u>\$ 5,631,545</u>	<u>\$ 12,384,969</u>
Net position				
Net investment in capital assets	\$ 10,056,717	\$ 9,878,106	\$ 19,065,916	\$ 15,205,226
Restricted	3,012,044	1,742,485	669,326	758,003
Unrestricted	11,257,180	9,482,672	(18,987,169)	(21,960,733)
Total net position	<u>\$ 24,325,941</u>	<u>\$ 21,103,263</u>	<u>\$ 748,073</u>	<u>\$ (5,997,504)</u>

For the fourth year in a row, the County experienced a surplus in total net position. The net position has increased a total of \$10,228,473 since fiscal year 2019. Of that increase, \$3,222,678 occurred in fiscal year 2023. Contributing to this total increase was the debt restructuring in 2019 and another year of implementing a balanced budget. The Component Units experienced an increase in net position of \$6,745,577, due to new construction in progress for the schools, and the Virginia Retirement System receiving better than expected return on investments in the teacher's retirement fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table summarizes the Statement of Activities as presented in the government-wide financial statement (Exhibit 2) for 2023 and 2022:

Statement of Activities:	Primary Government		Component Units (School & EDA)	
	2023	2022	2023	2022
Program revenues				
Charges for services	\$ 952,008	\$ 1,072,999	\$ 100,762	\$ 93,308
Operating grants and contributions	8,214,357	7,262,484	30,721,268	28,796,456
Capital grants and contributions	462,790	3,263	2,084,230	236,833
General revenues				
Property taxes	16,375,281	15,302,307	-	-
Other taxes	5,266,173	5,323,716	-	-
Revenue from use of money	478,562	23,154	-	-
Miscellaneous	410,825	542,804	-	-
Grants and contributions not restricted to specific programs	1,174,642	1,176,435	-	-
Total revenues	<u>\$ 33,334,638</u>	<u>\$ 30,707,162</u>	<u>\$ 32,906,260</u>	<u>\$ 29,126,597</u>
Expenses				
General government	\$ 1,545,777	\$ 1,340,090	\$ -	\$ -
Judicial administration	1,368,795	1,247,221	-	-
Public safety	9,010,642	7,475,067	-	-
PSA	227,259	228,149	-	-
Public works	2,190,557	1,792,663	-	-
Health and welfare	4,455,898	3,772,066	-	-
Education	8,168,676	7,138,439	35,873,367	31,426,092
Parks, recreation and cultural	671,233	606,344	-	-
Community development	1,260,272	1,014,611	124,961	145,756
Interest on long-term debt	1,212,851	1,257,346	-	-
Total expenses	<u>\$ 30,111,960</u>	<u>\$ 25,871,996</u>	<u>\$ 35,998,328</u>	<u>\$ 31,571,848</u>
Change in net position	<u>\$ 3,222,678</u>	<u>\$ 4,835,166</u>	<u>\$ (3,092,068)</u>	<u>\$ (2,445,251)</u>

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

Financial Analysis of the County's Funds

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds (which consists of the General Fund and the Nonmajor Asset Forfeiture Fund) reported combined ending fund balances of \$17,915,352. Of this total, a negligible \$10,026, constitutes non-spendable amounts for prepaid items, 15.19% of the total amount, \$2,721,952, constitutes restricted fund balance, and 5.07% of the total amount, \$908,221, constitutes assigned fund balance. Both restricted and assigned fund balances are available only for specific purposes as directed by external parties such as grantors,

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

laws or legislation. The remaining balance, \$14,275,153, or 79.68%, 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 \$17,720,585. Of this amount, \$14,275,153 was considered unassigned.

Total governmental fund revenues for the fiscal year ended June 30, 2023, increased \$2,916,682 and expenditures increased \$4,633,236 over fiscal year ended June 30, 2022.

The following table summarizes the County's governmental funds revenues for 2023 and 2022.

Revenues:	Governmental Funds	
	2023	2022
General Fund:		
From local sources:		
General property taxes	\$ 16,348,016	\$ 15,282,528
Other local taxes	5,266,173	5,323,716
Permits, fees & licenses	119,548	112,163
Court fines & forfeitures	21,981	28,594
Use of money & property	489,554	34,146
Charges for services	697,792	795,317
Miscellaneous	492,504	171,033
Recovered costs	1,275,644	1,459,903
Total revenue from local sources	24,711,212	23,207,400
From the Commonwealth:		
Noncategorical aid	1,071,603	1,074,705
Shared expenses	3,471,957	3,213,709
State welfare funds	829,295	815,366
Children's services	1,052,087	522,716
Grants	596,184	263,059
Total from the Commonwealth	7,021,126	5,889,555
From the Federal Government:		
Noncategorical aid	103,039	101,730
Federal welfare funds	1,503,758	1,470,099
Grants	1,223,866	977,535
Total from the Federal Gov't	2,830,663	2,549,364
Total governmental fund revenues	\$ 34,563,001	\$ 31,646,319

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table summarizes the County's governmental funds expenditures for 2023 and 2022.

Expenditures:	Governmental Funds	
	2023	2022
General Fund:		
Board of supervisors	\$ 106,051	\$ 45,811
General & financial administration	1,661,848	1,421,942
Board of elections	232,403	193,692
Courts	859,390	704,780
Commonwealth Attorney	555,947	542,920
Law enforcement & traffic control	4,242,801	3,720,629
Fire & rescue services	2,367,499	1,848,807
Correction & detention	2,642,332	2,154,722
Building inspections	225,464	150,968
Other public safety	455,797	452,547
Sanitation & waste removal	832,897	765,863
Maintenance of buildings and grounds	1,133,244	884,694
Health & welfare	4,562,988	3,767,388
Education	7,331,168	6,300,931
Parks, recreation & cultural	643,037	557,735
Community development	1,390,238	1,116,995
Accrued leave balances	-	21,000
Capital projects	152,415	35,438
Debt service	2,740,109	2,834,260
Asset Forfeiture Fund	21,558	2,828
Total Expenditures	<u>\$ 32,157,186</u>	<u>\$ 27,523,950</u>

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. Schedule 1 and Schedule 2 provide the detail of any differences.

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental funds as of June 30, 2023 amounts to \$35,913,165 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for business-type activities amounts to \$3,678,599 (net of accumulated depreciation). Capital asset activity for the school board component as of June 30, 2023, amounts to \$17,362,713 (net of accumulated depreciation). The most significant improvements of FY2023 consisted of the new School Board building that was purchased and improved.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

Governmental Activities:	
General Obligation Bonds	\$ 19,082,167
Lease Revenue Bonds	10,168,000
Bond Premiums	1,226,507
Literary Loans	450,000
Lease liabilities	236,767
Compensated Absences	792,784
Net Pension Liability	3,072,875
Net OPEB Liabilities	959,222
Total	<u>\$ 35,988,322</u>

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

Long-Term Obligations - Component Unit-School Board

Lease liabilities	\$ 53,613
Compensated absences	450,867
Net pension liability	13,771,546
Net OPEB liabilities	7,085,201
Total	<u>\$ 21,361,227</u>

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

Economic Factors

The June 2023 unemployment rate for the County of Patrick, Virginia was 3.6%, which is an increase of .1% from the June 2022 rate.

The latest estimate by the University of Virginia Weldon Cooper Center for Public Service is a population of 16,971 dated July 1, 2023, reflects a decrease of 3.6% from the 2020 U.S. Census.

Finally, according to a Bureau of Labor Statistics report, over the 12 months ended June 2023, the Consumer Price Index increased 3.0 percent.

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, 2023

June 30, 2025

	Primary Government			Component	Component
	Governmental	Business-type		Unit	Unit
	Activities	Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 4,281,784	\$ 192,224	\$ 4,474,008	\$ 1,651,059	\$ 274,050
Cash in custody of others	-	-	-	487,415	-
Investments	14,985,161	-	14,985,161	564,922	225,155
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,408,735	-	5,408,735	-	-
Other local taxes	242,753	-	242,753	-	-
Accounts receivable	586,807	15,763	602,570	38,798	-
Due from component units	1,107,581	-	1,107,581	-	-
Due from other governmental units	1,743,170	-	1,743,170	1,296,264	-
Inventories	-	-	-	94,388	-
Prepaid items	10,026	-	10,026	214,768	6,618
Inventory: Industrial sites held for resale	-	-	-	-	976,800
Net pension asset	-	-	-	104,404	-
Capital assets (net of accumulated depreciation):					
Land	1,197,264	-	1,197,264	769,576	104,605
Buildings and improvements	33,313,533	-	33,313,533	7,135,259	1,351,111
Machinery and equipment	1,086,526	-	1,086,526	6,906,022	-
Infrastructure	-	3,678,599	3,678,599	-	-
Construction in progress	49,784	-	49,784	2,372,748	301,100
Right to use assets:					
Subscription asset	-	-	-	125,833	-
Lease - Machinery, equipment, and vehicles	266,058	-	266,058	53,275	-
Total assets	\$ 64,279,182	\$ 3,886,586	\$ 68,165,768	\$ 21,814,731	\$ 3,239,439
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 1,628,394	\$ -	\$ 1,628,394	\$ -	\$ -
Pension related items	1,790,594	-	1,790,594	3,806,655	-
OPEB related items	323,246	-	323,246	1,876,317	-
Total deferred outflows of resources	\$ 3,742,234	\$ -	\$ 3,742,234	\$ 5,682,972	\$ -
LIABILITIES					
Accounts payable	\$ 1,098,741	\$ 5,893	\$ 1,104,634	\$ 242,769	\$ -
Accrued wages	69,775	-	69,775	1,520,947	-
Estimate of incurred but not reported health claims	134,291	-	134,291	-	-
Accrued interest payable	468,490	-	468,490	-	-
Due to primary government	-	-	-	1,107,581	-
Customer deposits	-	23,330	23,330	-	-
Unearned revenue	1,937,377	-	1,937,377	125,000	-
Long-term liabilities:					
Due within one year	2,272,261	-	2,272,261	358,621	-
Due in more than one year	33,716,061	-	33,716,061	21,002,606	-
Total liabilities	\$ 39,696,996	\$ 29,223	\$ 39,726,219	\$ 24,357,524	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 6,150,820	\$ -	\$ 6,150,820	\$ -	\$ -
Pension related items	1,483,643	-	1,483,643	4,001,715	-
OPEB related items	221,379	-	221,379	1,629,830	-
Total deferred inflows of resources	\$ 7,855,842	\$ -	\$ 7,855,842	\$ 5,631,545	\$ -
NET POSITION					
Net investment in capital assets	\$ 6,378,118	\$ 3,678,599	\$ 10,056,717	\$ 17,309,100	\$ 1,756,816
Restricted					
School construction	2,008,626	-	2,008,626	-	-
Asset forfeiture	194,767	-	194,767	-	-
Transient occupancy	406,429	-	406,429	-	-
Future pension costs	-	-	-	104,404	-
School cafeteria	-	-	-	756,539	-
Opioid abatement	402,222	-	402,222	-	-
Unrestricted (deficit)	11,078,416	178,764	11,257,180	(20,661,409)	1,482,623
Total net position	\$ 20,468,578	\$ 3,857,363	\$ 24,325,941	\$ (2,491,366)	\$ 3,239,439

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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and		Governmental Activities	Primary Government Business-type Activities	Component Units	
			Contributions	Capital Grants and Contributions			School Board	EDA
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,545,777	\$ 9,791	\$ 573,783	\$ 183,385	\$ (778,818)	\$ -	\$ -	\$ -
Judicial administration	1,368,795	52,318	647,689	-	(668,788)	-	-	-
Public safety	9,010,642	354,404	3,449,999	102,634	(5,103,605)	-	-	-
Public works	2,190,557	349,717	57,679	20,371	(1,762,790)	-	-	-
Health and welfare	4,455,898	-	3,398,155	-	(1,057,743)	-	-	-
Education	8,168,676	-	-	-	(8,168,676)	-	-	-
Parks, recreation, and cultural	671,233	32,198	6,115	-	(632,920)	-	-	-
Community development	1,260,272	-	80,937	156,400	(1,022,935)	-	-	-
Interest on long-term debt	1,212,851	-	-	-	(1,212,851)	-	-	-
Total governmental activities	\$ 29,884,701	\$ 798,428	\$ 8,214,357	\$ 462,790	\$ (20,409,126)	\$ -	\$ -	\$ -
Business-type activities:								
Public Service Authority	\$ 227,259	\$ 153,580	\$ -	\$ -	\$ -	\$ (73,679)	\$ -	\$ -
Total business-type activities	\$ 227,259	\$ 153,580	\$ -	\$ -	\$ -	\$ (73,679)	\$ -	\$ -
Total primary government	\$ 30,111,960	\$ 952,008	\$ 8,214,357	\$ 462,790	\$ (20,409,126)	\$ (73,679)	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 35,873,367	\$ 97,162	\$ 30,721,268	\$ 2,084,230	\$ -	\$ -	\$ (2,970,707)	\$ -
EDA	124,961	3,600	-	-	-	-	-	(121,361)
Total component units	\$ 35,998,328	\$ 100,762	\$ 30,721,268	\$ 2,084,230	\$ -	\$ -	\$ (2,970,707)	\$ (121,361)
General revenues:								
General property taxes			\$ 16,375,281	\$ -	\$ 16,375,281	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes			3,445,895	-	3,445,895	-	-	-
Consumers' utility taxes			399,792	-	399,792	-	-	-
Gross receipts			2,552	-	2,552	-	-	-
Cigarette taxes			31,059	-	31,059	-	-	-
Consumption taxes			53,433	-	53,433	-	-	-
Motor vehicle licenses			34,272	-	34,272	-	-	-
Bank stock taxes			7,454	-	7,454	-	-	-
Taxes on recordation and wills			151,391	-	151,391	-	-	-
Transient occupancy taxes			736,375	-	736,375	-	-	-
Food and beverage taxes			403,950	-	403,950	-	-	-
Unrestricted revenues from use of money			478,562	-	478,562	-	20,358	2,808
Miscellaneous			410,825	-	410,825	-	1,412,829	866
Contribution from Patrick County, Virginia			-	-	-	-	8,158,676	242,108
Grants and contributions not restricted to specific programs			1,174,642	-	1,174,642	-	-	-
Transfers			20,000	(20,000)	-	-	-	-
Total general revenues			\$ 23,725,483	\$ (20,000)	\$ 23,705,483	\$ -	\$ 9,591,863	\$ 245,782
Change in net position			\$ 3,316,357	\$ (93,679)	\$ 3,222,678	\$ -	\$ 6,621,156	\$ 124,421
Net position - beginning			17,152,221	3,951,042	21,103,263	-	(9,112,522)	3,115,018
Net position - ending			\$ 20,468,578	\$ 3,857,363	\$ 24,325,941	\$ -	\$ (2,491,366)	\$ 3,239,439

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

County of Patrick, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,994,092	\$ 96,335	\$ 4,090,427
Investments	14,834,386	98,432	14,932,818
Receivables (net of allowance for uncollectibles)			
Taxes receivable	5,408,735	-	5,408,735
Other local taxes	242,753	-	242,753
Accounts receivable	586,807	-	586,807
Due from component unit	1,107,581	-	1,107,581
Due from other governmental units	1,743,170	-	1,743,170
Prepaid items	10,026	-	10,026
Total assets	<u>\$ 27,927,550</u>	<u>\$ 194,767</u>	<u>\$ 28,122,317</u>
LIABILITIES			
Accounts payable	\$ 1,095,790	\$ -	\$ 1,095,790
Accrued liabilities	69,775	-	69,775
Unearned revenue	1,937,377	-	1,937,377
Total liabilities	<u>\$ 3,102,942</u>	<u>\$ -</u>	<u>\$ 3,102,942</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - opioid settlements	\$ 290,092	\$ -	\$ 290,092
Unavailable revenue - property taxes	6,813,931	-	6,813,931
Total deferred inflows of resources	<u>\$ 7,104,023</u>	<u>\$ -</u>	<u>\$ 7,104,023</u>
FUND BALANCES			
Nonspendable - prepaid items	\$ 10,026	\$ -	\$ 10,026
Restricted:			
Opioid abatement	112,130	-	112,130
School construction	2,008,626	-	2,008,626
Asset Forfeiture	-	194,767	194,767
Transient Occupancy	406,429	-	406,429
Assigned:			
Law Library	24,031	-	24,031
Courthouse Maintenance	19,614	-	19,614
Courthouse Security	37,391	-	37,391
Fire Programs	135,958	-	135,958
Four for Life	38,336	-	38,336
Spay and Neuter	759	-	759
Fire and Rescue Equipment	7,453	-	7,453
Capital Depreciation	193,956	-	193,956
Skate Park	20,264	-	20,264
Broadband	185,111	-	185,111
Bob White Covered Bridge	31,554	-	31,554
Sheriff/Jail	213,794	-	213,794
Unassigned	14,275,153	-	14,275,153
Total fund balances	<u>\$ 17,720,585</u>	<u>\$ 194,767</u>	<u>\$ 17,915,352</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,927,550</u>	<u>\$ 194,767</u>	<u>\$ 28,122,317</u>

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

County of Patrick, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 17,915,352

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	33,313,533	
Machinery and equipment	1,352,584	
Construction in progress	49,784	35,913,165

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

Unavailable revenue - opioid settlements	\$ 290,092	
Unavailable revenue - property taxes	663,111	953,203

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.

106,458

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

Deferred charge on refunding	\$ 1,628,394	
Pension related items	1,790,594	
OPEB related items	323,246	3,742,234

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	\$ (1,226,507)	
Accrued interest payable	(468,490)	
Compensated absences	(792,784)	
Net pension liability	(3,072,875)	
Net OPEB liabilities	(959,222)	
Lease liabilities	(236,767)	
Literary loans	(450,000)	
Lease revenue bonds	(10,168,000)	
General obligation bonds	(19,082,167)	(36,456,812)

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

Pension related items	\$ (1,483,643)	
OPEB related items	(221,379)	(1,705,022)

Net position of governmental activities		\$ 20,468,578
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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, 2023

	<u>General</u>	<u>Nonmajor Asset Forfeiture</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 16,348,016	\$ -	\$ 16,348,016
Other local taxes	5,266,173	-	5,266,173
Permits, privilege fees, and regulatory licenses	119,548	-	119,548
Fines and forfeitures	21,981	-	21,981
Revenue from the use of money and property	489,440	114	489,554
Charges for services	697,792	-	697,792
Miscellaneous	492,504	-	492,504
Recovered costs	1,275,644	-	1,275,644
Intergovernmental:			
Commonwealth	6,989,008	32,118	7,021,126
Federal	2,830,663	-	2,830,663
Total revenues	<u>\$ 34,530,769</u>	<u>\$ 32,232</u>	<u>\$ 34,563,001</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,000,302	\$ -	\$ 2,000,302
Judicial administration	1,415,337	-	1,415,337
Public safety	9,933,893	21,558	9,955,451
Public works	1,966,141	-	1,966,141
Health and welfare	4,562,988	-	4,562,988
Education	7,331,168	-	7,331,168
Parks, recreation, and cultural	643,037	-	643,037
Community development	1,390,238	-	1,390,238
Capital projects	152,415	-	152,415
Debt service:			
Principal retirement	1,445,618	-	1,445,618
Interest and other fiscal charges	1,294,491	-	1,294,491
Total expenditures	<u>\$ 32,135,628</u>	<u>\$ 21,558</u>	<u>\$ 32,157,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,395,141</u>	<u>\$ 10,674</u>	<u>\$ 2,405,815</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (87,648)	\$ (42,959)	\$ (130,607)
Issuance of leases	166,301	-	166,301
Total other financing sources (uses)	<u>\$ 78,653</u>	<u>\$ (42,959)</u>	<u>\$ 35,694</u>
Net change in fund balances	\$ 2,473,794	\$ (32,285)	\$ 2,441,509
Fund balances - beginning	15,246,791	227,052	15,473,843
Fund balances - ending	<u>\$ 17,720,585</u>	<u>\$ 194,767</u>	<u>\$ 17,915,352</u>

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

County of Patrick, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	2,441,509
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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	\$ 678,238	
Depreciation expense	<u>(1,707,728)</u>	(1,029,490)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - tax revenue	\$ 27,265	
Increase (decrease) in unavailable revenue - opioid settlement	(81,679)	
Increase (decrease) in unavailable revenue - EMS billings	<u>(51,885)</u>	(106,299)

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:		
Lease liabilities	\$ (166,301)	
Principal repayments:		
General obligation bonds and lease revenue bonds	1,345,770	
Literary loans	75,000	
Lease liabilities	<u>24,848</u>	1,279,317

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	\$ (136,942)	
Amortization of bond premium	156,897	
Amortization of deferred amount on refunding	(101,775)	
Change in accrued interest payable	26,518	
Change in net pension liability and related deferred items	418,574	
Change in net OPEB liabilities and related deferred items	<u>(36,238)</u>	327,034

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.

404,286

Change in net position of governmental activities	\$	<u><u>3,316,357</u></u>
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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, 2023

	Public Service Authority			Internal Service Fund
	Water Fund	Sewer Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 154,717	\$ 37,507	\$ 192,224	\$ 191,357
Investments	-	-	-	52,343
Accounts receivables, net of allowances for uncollectibles	11,761	4,002	15,763	-
Due from other funds	1,632	-	1,632	-
Total current assets	\$ 168,110	\$ 41,509	\$ 209,619	\$ 243,700
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Infrastructure	\$ 1,421,463	\$ 2,257,136	\$ 3,678,599	\$ -
Total noncurrent assets	\$ 1,421,463	\$ 2,257,136	\$ 3,678,599	\$ -
Total assets	\$ 1,589,573	\$ 2,298,645	\$ 3,888,218	\$ 243,700
LIABILITIES				
Current liabilities:				
Estimate of incurred but not reported health claims	\$ -	\$ -	\$ -	\$ 134,291
Accounts payable	4,169	1,724	5,893	2,951
Customers' deposits	18,470	4,860	23,330	-
Due to other funds	-	1,632	1,632	-
Total liabilities	\$ 22,639	\$ 8,216	\$ 30,855	\$ 137,242
NET POSITION				
Investment in capital assets	\$ 1,421,463	\$ 2,257,136	\$ 3,678,599	\$ -
Unrestricted (deficit)	145,471	33,293	178,764	106,458
Total net position (deficit)	\$ 1,566,934	\$ 2,290,429	\$ 3,857,363	\$ 106,458

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

County of Patrick, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Public Service Authority			Internal
	Water	Sewer	Total	Service
	<u>Fund</u>	<u>Fund</u>		<u>Fund</u>
OPERATING REVENUES				
Charges for services:				
Water revenues	121,866	\$ -	\$ 121,866	\$ -
Sewer revenues	-	31,714	31,714	-
Insurance premiums	-	-	-	308,643
Total operating revenues	\$ 121,866	\$ 31,714	\$ 153,580	\$ 308,643
OPERATING EXPENSES				
Administration	\$ 13,959	\$ 16,695	\$ 30,654	\$ -
Purchase of water	45,780	-	45,780	-
Purchase of sewer	-	12,615	12,615	-
Pump station maintenance	11,872	-	11,872	-
Depreciation	49,852	76,486	126,338	-
Insurance claims and expenses	-	-	-	54,964
Total operating expenses	\$ 121,463	\$ 105,796	\$ 227,259	\$ 54,964
Operating income (loss)	\$ 403	\$ (74,082)	\$ (73,679)	\$ 253,679
NONOPERATING REVENUES (EXPENSES)				
Income (loss) before capital contributions and transfers	\$ 403	\$ (74,082)	\$ (73,679)	\$ 253,679
Transfers in	\$ -	\$ -	\$ -	\$ 150,607
Transfers out	(20,000)	-	(20,000)	-
Change in net position	\$ (19,597)	\$ (74,082)	\$ (93,679)	\$ 404,286
Net position - beginning	1,586,531	2,364,511	3,951,042	(297,828)
Net position (deficit) - ending	\$ 1,566,934	\$ 2,290,429	\$ 3,857,363	\$ 106,458

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, 2023

	Public Service Authority			Internal
	Water	Sewer	Total	Service
	Fund	Fund		Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for insurance premiums	\$ -	\$ -	\$ -	\$ 308,643
Receipts from customers and users	122,257	32,075	154,332	-
Payments to suppliers	(74,352)	(31,842)	(106,194)	-
Payments for premiums	-	-	-	(304,710)
Net cash provided by (used for) operating activities	\$ 47,905	\$ 233	\$ 48,138	\$ 3,933
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	\$ (28,841)	\$ 1,714	\$ (27,127)	\$ 150,607
Net cash provided by (used for) noncapital financing activities	\$ (28,841)	\$ 1,714	\$ (27,127)	\$ 150,607
Net increase (decrease) in cash and cash equivalents	\$ 19,064	\$ 1,947	\$ 21,011	\$ 154,540
Cash and cash equivalents - beginning	135,653	35,560	171,213	89,160
Cash and cash equivalents - ending	\$ 154,717	\$ 37,507	\$ 192,224	\$ 243,700
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 403	\$ (74,082)	\$ (73,679)	\$ 253,679
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 49,852	\$ 76,486	\$ 126,338	\$ -
(Increase) decrease in accounts receivable	(139)	(439)	(578)	-
Increase (decrease) in customer deposits	530	800	1,330	-
Increase (decrease) in accounts payable	(2,741)	(2,532)	(5,273)	(249,746)
Total adjustments	\$ 47,502	\$ 74,315	\$ 121,817	\$ (249,746)
Net cash provided by (used for) operating activities	\$ 47,905	\$ 233	\$ 48,138	\$ 3,933

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

County of Patrick, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 13,260
Total assets	<u>\$ 13,260</u>
NET POSITION	
Restricted:	
Special Welfare	\$ 1,167
Dehart Cemetery	6,000
Inmate Balances	6,093
Total net position	<u>\$ 13,260</u>

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

County of Patrick, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Expenditure reimbursements	\$ 16,541
Miscellaneous	5
Inmate reimbursements	113,060
Total contributions	<u>\$ 129,606</u>
DEDUCTIONS	
Special welfare payments	\$ 15,665
Transfers to other funds	5
Inmate payments	112,270
Total deductions	<u>\$ 127,940</u>
Net increase (decrease) in fiduciary net position	\$ 1,666
Net position - beginning	11,594
Net position - ending	<u>\$ 13,260</u>

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial reporting entity

County of Patrick, Virginia is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - The Patrick County Public Service Authority provides water and sewer service to the County. The Public Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Public Service Authority's Board.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Patrick County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue a separate financial statement.

The Economic Development Authority of Patrick County (EDA) was created to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Patrick County, Virginia. The Authority is also authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. The Authority is governed by seven directors appointed by the Board of Supervisors of Patrick County, Virginia. A separate financial statement may be obtained by contacting the EDA.

Related Organizations - None

Jointly Governed Organizations:

1. The County and the City of Martinsville participate in supporting the Blue Ridge Regional Library. For the fiscal year ended June 30, 2023, the County contributed \$294,822 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, 2023, the County contributed \$50,000 to the Community Services Board.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

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

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

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

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following nonmajor governmental funds:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

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

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

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

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

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

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

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

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

1. Cash and cash equivalents

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

2. Investments

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

3. Receivables and payables

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

4. Property taxes

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

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$667,730 at June 30, 2023 and is comprised of property taxes (\$177,367), EMS charges (\$471,220) water charges (\$19,128) and sewer charges (\$15).

6. Use of estimates

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

7. Capital assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Infrastructure - structures, lines, and accessories	20-40
Machinery, equipment, and vehicles	5-30
Lease - Machinery, equipment, and vehicles	5-30
Subscription assets	3-5

8. Compensated absences

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

9. Long-term obligations

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

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

10. Prepaid items

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

11. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." County's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

11. Fund balance (continued)

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

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

12. Deferred outflows/inflows of resources

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

13. Pensions

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

14. Other Postemployment Benefits (OPEB)

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

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

15. Net Position

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

15. Net Position (continued)

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

16. Leases and Subscription-Based IT Arrangements

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

Lessee

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

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

16. Leases and Subscription-Based IT Arrangements (continued)

Key Estimates and Judgments

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

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

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

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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 2-Stewardship, Compliance, and Accountability: (continued)

A. Budgetary information (continued)

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, 2023, there were no funds/departments that over expended appropriations.

C. Deficit fund balance

At June 30, 2023, no funds had a deficit fund balance.

Note 3-Deposits and Investments:

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

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

Credit Risk of Debt Securities:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 3-Deposits and Investments: (continued)

The County's and School's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAA _m
Local Government Investment Pool (LGIP)	\$ 15,550,083

Concentration of Credit Risk:

At June 30, 2023, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk:

The County has not adopted an investment policy for interest rate risk. Listed below are the County's investments subject to interest rate risk and their corresponding maturity dates.

Investment Type	Fair Value	Less than 1 year
Local Government Investment Pool (LGIP)	\$ 15,550,083	\$ 15,550,083

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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 4-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Local Governments:</u>		
Franklin County, Virginia	\$ -	\$ 16,973
<u>Commonwealth of Virginia:</u>		
State sales tax	-	477,485
Local sales tax	686,544	-
Noncategorical aid	61,050	-
Categorical aid - shared expenses	322,404	-
Categorical aid - VPA funds	74,705	-
Categorical aid - CSA funds	352,619	-
Categorical aid - other	92,745	12,981
<u>Federal Government:</u>		
Categorical aid - VPA funds	124,196	-
Categorical aid - other	28,907	788,825
Totals	\$ 1,743,170	\$ 1,296,264

Note 5-Interfund/Component-unit Obligations:

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 87,648
Water Fund	-	20,000
Asset Forfeiture Fund	-	42,959
Health Insurance Fund	150,607	-
Total	\$ 150,607	\$ 150,607

County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2023 (continued)**

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

Interfund transfers for the year ended June 30, 2023, consisted of the following: (continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
School Operating Fund	\$ -	\$ 413,507
School Activity Fund	413,507	-
Total	<u>\$ 413,507</u>	<u>\$ 413,507</u>

Interfund/component unit obligations at June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Component Unit</u>	<u>Component Unit</u>
Primary Government:		
General Fund	<u>\$ 1,107,581</u>	<u>\$ -</u>
Component Unit - School Board:		
School Operating Fund	<u>\$ -</u>	<u>\$ 1,107,581</u>

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, 2023.

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct borrowings and direct placements:				
General obligation bonds	\$ 20,092,937	\$ -	\$ (1,010,770)	\$ 19,082,167
Lease revenue bonds	10,503,000	-	(335,000)	10,168,000
Bond premiums	1,383,404	-	(156,897)	1,226,507
Literary loans	525,000	-	(75,000)	450,000
Lease Liabilities	95,314	166,301	(24,848)	236,767
Compensated absences	655,842	628,824	(491,882)	792,784
Net pension liability	1,676,804	3,062,585	(1,666,514)	3,072,875
Net OPEB liabilities	828,228	445,729	(314,735)	959,222
Total	<u>\$ 35,760,529</u>	<u>\$ 4,303,439</u>	<u>\$ (4,075,646)</u>	<u>\$ 35,988,322</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 1,484,877	\$ 1,220,060	\$ 45,979	\$ 25,366
2025	1,483,294	1,154,769	51,817	19,528
2026	1,551,996	1,083,325	58,411	12,934
2027	1,619,000	1,010,797	51,018	6,105
2028	1,680,000	944,996	29,542	1,414
2029-2033	9,515,000	3,606,163	-	-
2034-2038	10,126,000	1,549,392	-	-
2039-2040	2,240,000	72,837	-	-
Totals	\$ 29,700,167	\$ 10,642,339	\$ 236,767	\$ 65,347

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct borrowings and Direct Placements:						
<i>General Obligation Bonds</i>						
General obligation bond	4.10-5.60%	10/15/2004	2025	1,630,018	\$ 201,979	\$ 99,703
General obligation bond	4.60-5.10%	11/10/2005	2026	1,787,287	330,188	107,174
General obligation bond	4.05-5.05%	5/14/2015	2039	22,480,000	18,550,000	820,000
Total general obligation bonds					\$ 19,082,167	\$ 1,026,877
<i>Lease Revenue Bonds</i>						
Lease revenue bond	4.60-5.10%	11/9/2009	2040	\$ 6,295,000	\$ 4,095,000	\$ -
Lease revenue bond	3.14%	6/20/2019	2040	6,084,000	5,839,000	149,000
Lease revenue bond	3.50%	6/20/2019	2024	787,000	234,000	234,000
Total lease revenue bonds					\$ 10,168,000	\$ 383,000
<i>Premiums:</i>						
Premium		10/15/2004	2025	\$ 117,079	\$ 11,707	\$ 5,854
Premium		11/10/2005	2026	97,867	31,312	3,915
Premium		5/14/2015	2038	2,512,317	1,183,488	137,048
Total premiums					\$ 1,226,507	\$ 146,817
<i>Literary Loans</i>						
State literary fund loan	2.00%	7/15/2008	2029	\$ 1,425,000	\$ 450,000	\$ 75,000
Total direct borrowings and direct placements					\$ 30,926,674	\$ 1,631,694
Lease Liabilities:						
Sheriff Enterprise vehicle leases	10.19-14.43%	2021-2023	2027-2028	\$23,980-34,679	\$ 236,767	\$ 45,979
Total lease liabilities					\$ 236,767	\$ 45,979
Other Obligations:						
Compensated absences					\$ 792,784	\$ 594,588
Net pension liability					3,072,875	-
Net OPEB liabilities					959,222	-
Total other obligations					\$ 4,824,881	\$ 594,588
Total long-term obligations					\$ 35,988,322	\$ 2,272,261

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.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Discretely Presented Component Unit-School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2023.

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Compensated absences	\$ 448,138	\$ 338,833	\$ (336,104)	\$ 450,867
Lease liabilities	73,792	-	(20,179)	53,613
Subscription liability	-	145,961	(145,961)	-
Net pension liability	11,226,215	11,011,444	(8,466,113)	13,771,546
Net OPEB liabilities	5,957,208	2,426,321	(1,298,328)	7,085,201
Total	\$ 17,705,353	\$ 13,922,559	\$ (10,266,685)	\$ 21,361,227

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2024	\$ 20,471	\$ 661
2025	20,767	365
2026	11,429	91
2027	946	9
2028	-	-
Totals	\$ 53,613	\$ 1,126

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Details of Obligations:

	Interest Rates	Implementation/ Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease Liabilities:						
Konica Minolta copier lease	1.33%	7/1/2021	2027	\$ 83,925	\$ 47,244	\$ 18,709
SendPro copier lease	2.56%	3/1/2022	2027	8,986	6,369	1,762
Total lease liabilities					<u>\$ 53,613</u>	<u>\$ 20,471</u>
Other Obligations:						
Compensated absences					\$ 450,867	\$ 338,150
Net pension liability					13,771,546	-
Net OPEB liabilities					7,085,201	-
Total other obligations					<u>\$ 21,307,614</u>	<u>\$ 338,150</u>
Total long-term obligations					<u>\$ 21,361,227</u>	<u>\$ 358,621</u>

Note 8—Pension Plans:

Plan Description

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

Benefit Structures

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Benefit Structures (continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 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	98	101
Inactive members:		
Vested inactive members	24	15
Non-vested inactive members	32	22
Inactive members active elsewhere in VRS	31	20
Total inactive members	87	57
Active members	155	94
Total covered employees	340	252

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, 2023 was 15.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$1,131,939 and \$910,445 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2023 was 6.56% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$132,774 and \$118,271 for the years ended June 30, 2023 and June 30, 2022, respectively.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's Retirement Plan and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Long-term Expected Rate of Return

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Long-term Expected Rate of Return (continued)

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (Continued)

Discount Rate (Continued)

Through the fiscal year ended June 30, 2022, 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, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 31,801,201	\$ 30,124,397	\$ 1,676,804
Changes for the year:			
Service cost	\$ 855,745	\$ -	\$ 855,745
Interest	2,149,991	-	2,149,991
Benefit changes	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(427,395)	-	(427,395)
Contributions - employer	-	910,445	(910,445)
Contributions - employee	-	327,976	(327,976)
Net investment income	-	(38,183)	38,183
Benefit payments, including refunds of employee contributions	(1,610,461)	(1,610,461)	-
Administrative expenses	-	(18,666)	18,666
Other changes	-	698	(698)
Net changes	\$ 967,880	\$ (428,191)	\$ 1,396,071
Balances at June 30, 2022	\$ 32,769,081	\$ 29,696,206	\$ 3,072,875

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Changes in Net Pension Liability (Asset)

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 8,288,776	\$ 8,849,071	\$ (560,295)
Changes for the year:			
Service cost	\$ 148,271	\$ -	\$ 148,271
Interest	549,326	-	549,326
Differences between expected and actual experience	(45,131)	-	(45,131)
Changes of assumptions	-	-	-
Contributions - employer	-	118,129	(118,129)
Contributions - employee	-	87,204	(87,204)
Net investment income	-	(3,347)	3,347
Benefit payments, including refunds of employee contributions	(597,770)	(597,770)	-
Administrative expenses	-	(5,609)	5,609
Other changes	-	198	(198)
Net changes	\$ 54,696	\$ (401,195)	\$ 455,891
Balances at June 30, 2022	\$ 8,343,472	\$ 8,447,876	\$ (104,404)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 7,503,204	\$ 3,072,875	\$ (545,323)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 807,155	\$ (104,404)	\$ (861,424)

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

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

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$713,365 and \$9,511, respectively. At June 30, 2023, 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	\$ 39,131	\$ 643,951	\$ 3,687	\$ 25,073
Change in assumptions	619,524	-	26,540	-
Net difference between projected and actual earnings on pension plan investments	-	839,692	-	266,171
Employer contributions subsequent to the measurement date	<u>1,131,939</u>	<u>-</u>	<u>132,774</u>	<u>-</u>
Total	<u>\$ 1,790,594</u>	<u>\$ 1,483,643</u>	<u>\$ 163,001</u>	<u>\$ 291,244</u>

\$1,131,939 and \$132,774 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, 2024. 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)
2024	\$ (248,859)	\$ (91,165)
2025	(330,634)	(111,065)
2026	(651,905)	(176,235)
2027	406,410	117,448

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,341,108 and \$2,142,251 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$13,771,546 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.14465% as compared to 0.14461% at June 30, 2021.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

For the year ended June 30, 2023, the school division recognized pension expense of \$92,246. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 949,603
Change in assumptions	1,298,379	-
Net difference between projected and actual earnings on pension plan investments	-	1,795,521
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,167	965,347
Employer contributions subsequent to the measurement date	<u>2,341,108</u>	<u>-</u>
Total	\$ <u>3,643,654</u>	\$ <u>3,710,471</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

\$2,341,108 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2024	\$	(996,113)
2025		(927,100)
2026		(1,297,409)
2027		812,697
2028		-
Thereafter		-

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 8—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 24,597,035	\$ 13,771,546	\$ 4,957,217

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Asset	Net Pension Liability	Pension Expense
VRS Pension Plans:									
Primary Government	\$ 1,790,594	\$ 1,483,643	\$ 3,072,875	\$ 713,365	\$ -	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	163,001	291,244	104,404	-	9,511
School Board Professional	-	-	-	-	3,643,654	3,710,471	-	13,771,546	92,246
Totals	\$ 1,790,594	\$ 1,483,643	\$ 3,072,875	\$ 713,365	\$ 3,806,655	\$ 4,001,715	\$ 104,404	\$ 13,771,546	\$ 101,757

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

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2023 was \$63,313.

Note 10—Other Postemployment Benefits - County Health Insurance:

Plan Description

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

Benefits Provided

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

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

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

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	163
Total retirees with coverage	1
Total spouses of retirees with coverage	0
Total	<u>164</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2023 was \$11,243.

Actuarial Assumptions

The total OPEB liability in the January 1, 2023 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	3.65% as of June 30, 2023
Inflation	2.50% per year as of June 30, 2023
County Participation Rate	It is assumed 20% of future retirees will elect coverage and also cover a spouse.
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2023.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balance at June 30, 2021	\$ 383,437
Changes for the year:	
Service cost	\$ 43,588
Interest on Total OPEB Liability	14,920
Effect of economic/demographic gains or losses	143,731
Changes in assumptions	(23,702)
Benefit payments	(11,243)
Net changes	\$ 167,294
Balance at June 30, 2022	\$ 550,731

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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Discount Rate		
1% Decrease (2.65%)	Current (3.65%)	1% Increase (4.65%)
\$ 606,025	\$ 550,731	\$ 500,179

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

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

Healthcare Cost Trend		
1% Decrease (4.70% decreasing to 3.00%)	Current (5.70% decreasing to 4.00%)	1% Increase (6.70% decreasing to 5.00%)
\$ 477,725	\$ 550,731	\$ 637,292

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of \$85,957. At June 30, 2023, 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	\$ 135,433	\$ 35,947
Change in assumptions	48,044	47,970
Total	<u>\$ 183,477</u>	<u>\$ 83,917</u>

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

Year Ended June 30	Primary Government
2024	\$ 27,449
2025	27,449
2026	9,741
2027	2,373
2028	12,545
Thereafter	20,003

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

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

Plan Description

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Benefits Provided

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

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

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

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	432
Total retirees with coverage	8
Total spouses of retirees with coverage	<u>1</u>
Total	<u><u>441</u></u>

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$111,766.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2023 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	3.65% as of June 30, 2023
Inflation	2.50% per year as of June 30, 2023
School Board Participation Rate	It is assumed 50% of future retirees who are eligible for ERIP at retirement do not elect to participate. Of the 50%, we assume 20% elect retiree health coverage.
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2023.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balance at June 30, 2021	\$ 3,085,996
Changes for the year:	
Service cost	\$ 232,035
Interest on Total OPEB Liability	115,497
Effect of economic/demographic gains or losses	1,098,327
Changes in assumptions	(210,289)
Benefit payments	(111,766)
Net changes	\$ 1,123,804
Balance at June 30, 2022	\$ 4,209,800

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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Discount Rate		
1% Decrease (2.65%)	Current (3.65%)	1% Increase (4.65%)
\$ 4,547,999	\$ 4,209,800	\$ 3,890,214

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

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

Healthcare Cost Trend		
1% Decrease (4.70% decreasing to 3.00%)	Current (5.70% decreasing to 4.00%)	1% Increase (6.70% decreasing to 5.00%)
\$ 3,729,643	\$ 4,209,800	\$ 4,772,094

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of \$427,438. At June 30, 2023, 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	\$ 929,354	\$ 670,694
Change in assumptions	470,823	473,578
Total	\$ 1,400,177	\$ 1,144,272

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
2024	\$	79,906
2025		79,906
2026		79,906
2027		79,906
2028		74,811
Thereafter		(138,530)

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

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

Plan Description

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Plan Description (continued)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Contributions (continued)

Contributions to the Group Life Insurance Plan from the County were \$41,143 and \$37,087 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$12,671 and \$10,484 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$79,583 and \$72,459 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

Primary Government

At June 30, 2023, the entity reported a liability of \$380,133 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date as of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.03160% as compared to 0.03140% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$18,240. 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, 2023, the entity reported a liability of \$107,526 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date as of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00890% as compared to 0.00850% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$2,381. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

Component Unit School Board (Professional)

At June 30, 2023, the entity reported a liability of \$742,807 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date as of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.06170% as compared to 0.06160% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of (\$2,415). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, 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	\$ 30,102	\$ 15,250	\$ 8,515	\$ 4,314	\$ 58,821	\$ 29,800
Net difference between projected and actual earnings on GLI OPEB plan investments	-	23,753	-	6,719	-	46,415
Change in assumptions	14,178	37,027	4,011	10,473	27,706	72,352
Changes in proportionate share	16,042	13,681	5,414	6,571	1,028	64,774
Employer contributions subsequent to the measurement date	41,143	-	12,671	-	79,583	-
Total	<u>\$ 101,465</u>	<u>\$ 89,711</u>	<u>\$ 30,611</u>	<u>\$ 28,077</u>	<u>\$ 167,138</u>	<u>\$ 213,341</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

\$41,143, \$12,671, and \$79,583 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, 2024. 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)
2024	\$ (1,302)	\$ (2,938)	\$ (39,401)
2025	(5,301)	(2,886)	(33,951)
2026	(22,040)	(5,935)	(48,770)
2027	1,701	1,361	1,725
2028	(2,447)	261	(5,389)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		<hr/> 2,467,989
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, 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, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 553,138	\$ 380,133	\$ 240,321
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 156,463	\$ 107,526	\$ 67,978
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,080,871	\$ 742,807	\$ 469,605

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>School Board</u>
	<u>Number</u>	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	2	45
Inactive members:		
Vested inactive members	-	4
Active members	<u>40</u>	<u>94</u>
Total covered employees	<u>42</u>	<u>143</u>

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, 2023 was 0.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$5,762 and \$5,033 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for the year ended June 30, 2023 was 1.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$27,923 and \$17,667 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Net HIC OPEB Liability

The County's and Component Unit School Board's net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 78,873	\$ (337)	\$ 79,210
Changes for the year:			
Service cost	\$ 5,368	\$ -	\$ 5,368
Interest	1,777	-	1,777
Differences between expected and actual experience	(16,814)	-	(16,814)
Assumption changes	(27,255)	-	(27,255)
Contributions - employer	-	5,033	(5,033)
Net investment income	-	(18)	18
Benefit payments	(3,904)	(3,904)	-
Administrative expenses	-	(15)	15
Other changes	-	8,928	(8,928)
Net changes	\$ (40,828)	\$ 10,024	\$ (50,852)
Balances at June 30, 2022	\$ 38,045	\$ 9,687	\$ 28,358

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Changes in Net HIC OPEB Liability (continued)

	Component Unit School Board		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 226,557	\$ 18,054	\$ 208,503
Changes for the year:			
Service cost	\$ 2,742	\$ -	\$ 2,742
Interest	15,173	-	15,173
Benefit changes	-	-	-
Differences between expected and actual experience	(1,887)	-	(1,887)
Assumption changes	21,453	-	21,453
Contributions - employer	-	17,667	(17,667)
Net investment income	-	(202)	202
Benefit payments	(9,023)	(9,023)	-
Administrative expenses	-	(45)	45
Net changes	\$ 28,458	\$ 8,397	\$ 20,061
Balances at June 30, 2022	\$ 255,015	\$ 26,451	\$ 228,564

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Patrick County's			
Net HIC OPEB Liability	\$ 33,217	\$ 28,358	\$ 24,239
Component Unit School			
Board's Net HIC OPEB Liability	\$ 250,079	\$ 228,564	\$ 209,963

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

For the year ended June 30, 2023, the County and Component Unit School Board recognized HIC Plan OPEB expense of (\$203) and \$23,517, respectively. At June 30, 2023, the County and Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Program from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,815	\$ 24,214	\$ -	\$ 1,392
Net difference between projected and actual earnings on HIC OPEB plan investments	244	-	361	-
Change of assumptions	9,483	23,537	19,382	-
Employer contributions subsequent to the measurement date	5,762	-	27,923	-
Total	\$ 38,304	\$ 47,751	47,666	\$ 1,392

\$5,762 and \$27,923 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's and the Component Unit School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-School Board Non-Professional
2024	\$ 1,871	7,066
2025	1,863	6,778
2026	1,762	4,164
2027	(5,368)	343
2028	(7,340)	-
Thereafter	(7,997)	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$178,240 and \$162,206 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the school division reported a liability of \$1,796,504 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.14383% as compared to 0.14387% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$97,481. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 73,228
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,803
Change in assumptions	52,485	4,588
Change in proportionate share and differences between actual and expected contributions	-	163,129
Employer contributions subsequent to the measurement date	<u>178,240</u>	<u>-</u>
Total	<u>\$ 230,725</u>	<u>\$ 242,748</u>

\$178,240 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, 2024.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

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

Year Ended June 30

2024	\$	(51,575)
2025		(50,195)
2026		(43,958)
2027		(22,813)
2028		(14,274)
Thereafter		(7,448)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		15.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

Long-Term Expected Rate of Return: (continued)

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,024,680	\$ 1,796,504	\$ 1,603,084

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ 183,477	\$ 83,917	\$ 550,731	\$ 85,957	\$ -	\$ -	\$ -	\$ -
School Board Stand-Alone Plan (Note 11)	-	-	-	-	1,400,177	1,144,272	4,209,800	427,438
VRS OPEB Plans:								
GLI Plan (Note 12)								
County	101,465	89,711	380,133	18,240	-	-	-	-
School Board Nonprofessional	-	-	-	-	30,611	28,077	107,526	2,381
School Board Professional	-	-	-	-	167,138	213,341	742,807	(2,415)
County HIC Plan (Note 13)	38,304	47,751	28,358	(203)	-	-	-	-
School Board HIC Plan (Note 13)	-	-	-	-	47,666	1,392	228,564	23,517
Teacher HIC Plan (Note 14)	-	-	-	-	230,725	242,748	1,796,504	97,481
Totals	\$ 323,246	\$ 221,379	\$ 959,222	\$ 103,994	\$1,876,317	\$1,629,830	\$ 7,085,201	\$ 548,402

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,197,264	\$ -	\$ -	\$ 1,197,264
Construction in progress	-	49,784	-	49,784
Total capital assets not being depreciated/amortized	<u>\$ 1,197,264</u>	<u>\$ 49,784</u>	<u>\$ -</u>	<u>\$ 1,247,048</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 51,019,251	\$ 116,519	\$ -	\$ 51,135,770
Machinery and equipment	5,119,922	345,634	(29,209)	5,436,347
Right-to-use lease Machinery and equipment	152,001	166,301	-	318,302
Total capital assets being depreciated/amortized	<u>\$ 56,291,174</u>	<u>\$ 628,454</u>	<u>\$ (29,209)</u>	<u>\$ 56,890,419</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (16,540,022)	\$ (1,282,215)	\$ -	\$ (17,822,237)
Machinery and equipment	(3,975,361)	(403,669)	29,209	(4,349,821)
Right-to-use lease Machinery and equipment	(30,400)	(21,844)	-	(52,244)
Total accumulated depreciation/amortization	<u>\$ (20,545,783)</u>	<u>\$ (1,707,728)</u>	<u>\$ 29,209</u>	<u>\$ (22,224,302)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 35,745,391</u>	<u>\$ (1,079,274)</u>	<u>\$ -</u>	<u>\$ 34,666,117</u>
Governmental activities capital assets, net	<u>\$ 36,942,655</u>	<u>\$ (1,029,490)</u>	<u>\$ -</u>	<u>\$ 35,913,165</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 5,053,532	\$ -	\$ -	\$ 5,053,532
Accumulated depreciation:				
Infrastructure	\$ (1,248,595)	\$ (126,338)	\$ -	\$ (1,374,933)
Business-type activities capital assets, net	<u>\$ 3,804,937</u>	<u>\$ (126,338)</u>	<u>\$ -</u>	<u>\$ 3,678,599</u>

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 16-Capital Assets: (continued)

Primary Government: (continued)

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

Governmental Activities:

General government administration	\$ 49,449
Judicial administration	2,796
Public safety	626,586
Public works	142,743
Health and welfare	8,956
Education	837,508
Parks, recreation, and cultural	27,156
Community development	12,534

Total depreciation/amortization expense-governmental activities	<u>\$ 1,707,728</u>
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Business-type Activities:

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

**Notes to Financial Statements
June 30, 2023 (continued)**

Note 16-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2023 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 769,576	\$ -	\$ -	\$ 769,576
Construction in progress	123,938	2,421,371	(172,561)	2,372,748
Total capital assets not being depreciated	<u>\$ 893,514</u>	<u>\$ 2,421,371</u>	<u>\$ (172,561)</u>	<u>\$ 3,142,324</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 22,666,843	\$ 735,745	\$ -	\$ 23,402,588
Machinery and equipment	11,913,805	2,198,298	(165,771)	13,946,332
Right-to-use subscription asset	-	145,961	-	145,961
Right-to-use lease machinery and equipment	92,911	-	-	92,911
Total capital assets being depreciated	<u>\$ 34,673,559</u>	<u>\$ 3,080,004</u>	<u>\$ (165,771)</u>	<u>\$ 37,587,792</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,776,534)	\$ (490,795)	\$ -	\$ (16,267,329)
Machinery and equipment	(6,007,300)	(1,197,996)	164,986	(7,040,310)
Right-to-use subscription asset	-	(20,128)	-	(20,128)
Right-to-use lease machinery and equipment	(20,419)	(19,217)	-	(39,636)
Total accumulated depreciation	<u>\$ (21,804,253)</u>	<u>\$ (1,728,136)</u>	<u>\$ 164,986</u>	<u>\$ (23,367,403)</u>
Total capital assets being depreciated, net	<u>\$ 12,869,306</u>	<u>\$ 1,351,868</u>	<u>\$ (785)</u>	<u>\$ 14,220,389</u>
Governmental activities capital assets, net	<u>\$ 13,762,820</u>	<u>\$ 3,773,239</u>	<u>\$ (173,346)</u>	<u>\$ 17,362,713</u>

Note 17-Risk Management:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 18-Contingent Liabilities:

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

Note 19-Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 663,111
2nd half tax assessments due in December 2023	4,358,135	4,358,135
Prepaid property taxes due in December 2023, but paid in advance by taxpayers	1,792,685	1,792,685
Deferred opioid abatement settlement proceeds	-	290,092
Total deferred/unavailable revenue	\$ 6,150,820	\$ 7,104,023

County of Patrick, Virginia

**Notes to Financial Statements
June 30, 2023 (continued)**

Note 20-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

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

VaRisk 2:

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

Zurick North America:

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

Note 21-Self-insured Health Insurance:

The County of Patrick, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2023, a total of \$54,964 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 \$134,291 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 2023 and the two previous years were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2022-23	\$ 385,177	\$ (195,922)	\$ (54,964)	\$ 134,291
2021-22	347,807	680,575	(643,205)	385,177
2020-21	484,592	3,703,461	(3,840,246)	347,807

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 22-Litigation:

As of June 30, 2023, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 23-Pandemic Funding:

ARPA Funding

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

On June 24, 2021, the County received its share of the first half of the CSLFRF funds. The County receive the second half on June 9, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,887,377 from the two allocations are reported as unearned revenue as of June 30.

ESF Funding

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

Note 24-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey 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. No restatement of beginning net position was required as a result of this implementation.

Note 25-Upcoming Pronouncements:

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

County of Patrick, Virginia

Notes to Financial Statements
June 30, 2023 (continued)

Note 25-Upcoming Pronouncements: (continued)

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

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

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.*

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023.*

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

Required Supplementary Information

County of Patrick, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Actual	Variance with Final Budget - Positive Negative
	Original	Final	Amounts		
REVENUES					
General property taxes	\$ 15,400,971	\$ 15,640,971	\$ 16,348,016	\$	707,045
Other local taxes	3,830,919	3,989,287	5,266,173		1,276,886
Permits, privilege fees, and regulatory licenses	95,950	95,950	119,548		23,598
Fines and forfeitures	30,000	30,000	21,981		(8,019)
Revenue from the use of money and property	78,859	78,859	489,440		410,581
Charges for services	548,913	587,741	697,792		110,051
Miscellaneous	134,727	389,160	492,504		103,344
Recovered costs	1,081,453	1,178,911	1,275,644		96,733
Intergovernmental:					
Commonwealth	6,180,043	6,492,086	6,989,008		496,922
Federal	4,214,000	4,551,481	2,830,663		(1,720,818)
Total revenues	\$ 31,595,835	\$ 33,034,446	\$ 34,530,769	\$	1,496,323
EXPENDITURES					
Current:					
General government administration	\$ 1,979,559	\$ 2,090,297	\$ 2,000,302	\$	89,995
Judicial administration	1,538,833	1,566,337	1,415,337		151,000
Public safety	8,587,859	9,700,643	9,933,893		(233,250)
Public works	1,930,429	2,048,104	1,966,141		81,963
Health and welfare	3,917,316	4,650,523	4,562,988		87,535
Education	6,592,781	6,592,781	7,331,168		(738,387)
Parks, recreation, and cultural	572,434	629,511	643,037		(13,526)
Community development	2,780,201	3,063,348	1,390,238		1,673,110
Nondepartmental	60,000	5,748	-		5,748
Capital projects	263,811	278,711	152,415		126,296
Debt service:					
Principal retirement	1,424,820	1,424,820	1,445,618		(20,798)
Interest and other fiscal charges	1,276,830	1,276,830	1,294,491		(17,661)
Total expenditures	\$ 30,924,873	\$ 33,327,653	\$ 32,135,628	\$	1,192,025
Excess (deficiency) of revenues over (under) expenditures	\$ 670,962	\$ (293,207)	\$ 2,395,141	\$	2,688,348
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (130,607)	\$ (87,648)	\$ (87,648)	\$	-
Issuance of leases	-	-	166,301		166,301
Total other financing sources (uses)	\$ (130,607)	\$ (87,648)	\$ 78,653	\$	166,301
Net change in fund balances	\$ 540,355	\$ (380,855)	\$ 2,473,794	\$	2,854,649
Fund balances - beginning	(540,355)	380,855	15,246,791		14,865,936
Fund balances - ending	\$ -	\$ -	\$ 17,720,585	\$	17,720,585

County of Patrick, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 855,745	\$ 848,677	\$ 848,505	\$ 765,732	\$ 673,187	\$ 644,046	\$ 635,360	\$ 623,211	\$ 590,605
Interest	2,149,991	1,969,520	1,871,073	1,754,022	1,625,708	1,573,393	1,480,869	1,413,572	1,342,653
Changes of benefit terms	-	-	58,641	-	-	-	-	-	-
Differences between expected and actual experience	(427,395)	(612,254)	50,458	616,890	818,938	(137,413)	302,742	(67,963)	-
Changes of assumptions	-	1,113,587	-	826,679	-	(113,907)	-	-	-
Benefit payments	(1,610,461)	(1,392,817)	(1,347,566)	(1,254,800)	(1,314,751)	(1,122,783)	(1,071,608)	(943,259)	(897,006)
Net change in total pension liability	\$ 967,880	\$ 1,926,713	\$ 1,481,111	\$ 2,708,523	\$ 1,803,082	\$ 843,336	\$ 1,347,363	\$ 1,025,561	\$ 1,036,252
Total pension liability - beginning	\$ 31,801,201	\$ 29,874,488	\$ 28,393,377	\$ 25,684,854	\$ 23,881,772	\$ 23,038,436	\$ 21,691,073	\$ 20,665,512	\$ 19,629,260
Total pension liability - ending (a)	\$ 32,769,081	\$ 31,801,201	\$ 29,874,488	\$ 28,393,377	\$ 25,684,854	\$ 23,881,772	\$ 23,038,436	\$ 21,691,073	\$ 20,665,512
Plan fiduciary net position									
Contributions - employer	\$ 910,445	\$ 864,503	\$ 749,869	\$ 746,600	\$ 646,274	\$ 590,400	\$ 671,160	\$ 652,292	\$ 683,571
Contributions - employee	327,976	312,917	330,161	314,186	297,343	279,673	281,457	265,355	250,495
Net investment income	(38,183)	6,521,922	453,746	1,496,095	1,563,432	2,327,266	334,479	832,521	2,474,387
Benefit payments	(1,610,461)	(1,392,817)	(1,347,566)	(1,254,800)	(1,314,751)	(1,122,783)	(1,071,608)	(943,259)	(897,006)
Administrator changes	(18,666)	(15,981)	(15,282)	(14,563)	(13,496)	(13,419)	(11,736)	(11,275)	(13,188)
Other	698	618	(537)	(944)	(1,389)	(2,072)	(140)	(175)	130
Net change in plan fiduciary net position	\$ (428,191)	\$ 6,291,162	\$ 170,391	\$ 1,286,574	\$ 1,179,413	\$ 2,059,065	\$ 203,612	\$ 795,459	\$ 2,498,389
Plan fiduciary net position - beginning	\$ 30,124,397	\$ 23,833,235	\$ 23,662,844	\$ 22,376,270	\$ 21,196,857	\$ 19,137,792	\$ 18,934,180	\$ 18,138,721	\$ 15,640,332
Plan fiduciary net position - ending (b)	\$ 29,696,206	\$ 30,124,397	\$ 23,833,235	\$ 23,662,844	\$ 22,376,270	\$ 21,196,857	\$ 19,137,792	\$ 18,934,180	\$ 18,138,721
County's net pension liability - ending (a) - (b)	\$ 3,072,875	\$ 1,676,804	\$ 6,041,253	\$ 4,730,533	\$ 3,308,584	\$ 2,684,915	\$ 3,900,644	\$ 2,756,893	\$ 2,526,791
Plan fiduciary net position as a percentage of the total pension liability	90.62%	94.73%	79.78%	83.34%	87.12%	88.76%	83.07%	87.29%	87.77%
Covered payroll	\$ 6,865,549	\$ 6,493,241	\$ 6,522,025	\$ 6,460,418	\$ 6,108,403	\$ 5,520,475	\$ 5,297,198	\$ 5,131,869	\$ 4,957,116
County's net pension liability as a percentage of covered payroll	44.76%	25.82%	92.63%	73.22%	54.16%	48.64%	73.64%	53.72%	50.97%

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

County of Patrick, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit-School Board (nonprofessional)

For the Measurement Dates of June 30, 2014 through June 30, 2022										
Pension Plans										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Total pension liability										
Service cost	\$ 148,271	\$ 151,125	\$ 170,018	\$ 174,633	\$ 175,109	\$ 162,091	\$ 171,120	\$ 182,786	\$ 188,901	
Interest	549,326	515,014	513,026	501,073	490,387	492,127	495,058	475,467	456,351	
Differences between expected and actual experience	(45,131)	33,183	(140,241)	38,275	(66,039)	(144,761)	(296,338)	13,249	-	
Changes of assumptions	-	238,860	-	189,589	-	(104,331)	-	-	-	
Benefit payments	(597,770)	(558,484)	(468,230)	(454,514)	(439,080)	(420,883)	(402,524)	(380,756)	(363,578)	
Net change in total pension liability	\$ 54,696	\$ 379,698	\$ 74,573	\$ 449,056	\$ 160,377	\$ (15,757)	\$ (32,684)	\$ 290,746	\$ 281,674	
Total pension liability - beginning	8,288,776	7,909,078	7,834,505	7,385,449	7,225,072	7,240,829	7,273,513	6,982,767	6,701,093	
Total pension liability - ending (a)	\$ 8,343,472	\$ 8,288,776	\$ 7,909,078	\$ 7,834,505	\$ 7,385,449	\$ 7,225,072	\$ 7,240,829	\$ 7,273,513	\$ 6,982,767	
Plan fiduciary net position										
Contributions - employer	\$ 118,129	\$ 106,545	\$ 107,628	\$ 109,545	\$ 114,202	\$ 114,901	\$ 170,680	\$ 171,319	\$ 192,536	
Contributions - employee	87,204	81,676	84,696	85,570	87,560	87,028	84,569	85,375	87,366	
Net investment income	(3,347)	1,946,952	140,309	471,904	506,717	768,480	109,706	284,404	863,123	
Benefit payments	(597,770)	(558,484)	(468,230)	(454,514)	(439,080)	(420,883)	(402,524)	(380,756)	(363,578)	
Administrator charges	(5,609)	(5,069)	(4,929)	(4,831)	(4,486)	(4,563)	(4,033)	(3,964)	(4,675)	
Other	198	182	(164)	(296)	(445)	(679)	(47)	(59)	45	
Net change in plan fiduciary net position	\$ (401,195)	\$ 1,571,802	\$ (140,690)	\$ 207,378	\$ 264,465	\$ 544,284	\$ (41,649)	\$ 156,319	\$ 774,817	
Plan fiduciary net position - beginning	8,849,071	7,277,269	7,417,959	7,210,581	6,946,116	6,401,832	6,443,481	6,287,162	5,512,345	
Plan fiduciary net position - ending (b)	\$ 8,447,876	\$ 8,849,071	\$ 7,277,269	\$ 7,417,959	\$ 7,210,581	\$ 6,946,116	\$ 6,401,832	\$ 6,443,481	\$ 6,287,162	
School Board's net pension liability - ending (a) - (b)	\$ (104,404)	\$ (560,295)	\$ 631,809	\$ 416,546	\$ 174,868	\$ 278,956	\$ 838,997	\$ 830,032	\$ 695,605	
Plan fiduciary net position as a percentage of the total pension liability	101.25%	106.76%	92.01%	94.68%	97.63%	96.14%	88.41%	88.59%	90.04%	
Covered payroll	\$ 1,941,458	\$ 1,748,348	\$ 1,770,774	\$ 1,759,409	\$ 1,781,608	\$ 1,763,936	\$ 1,720,429	\$ 1,716,920	\$ 1,747,308	
School Board's net pension liability as a percentage of covered payroll	-5.38%	-32.05%	35.68%	23.68%	9.82%	15.81%	48.77%	48.34%	39.81%	

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

County of Patrick, Virginia
Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
				Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	
2022	0.14465%	13,771,546	13,363,586	103.05%	103.05%	82.61%
2021	0.14461%	11,226,215	12,722,354	88.24%	88.24%	85.46%
2020	0.14780%	21,516,057	12,914,293	166.61%	166.61%	71.47%
2019	0.15235%	20,050,126	12,712,025	157.73%	157.73%	73.51%
2018	0.16321%	19,194,000	13,155,134	145.91%	145.91%	74.81%
2017	0.16990%	20,894,000	13,363,229	156.35%	156.35%	72.92%
2016	0.17012%	23,841,000	12,974,082	183.76%	183.76%	68.28%
2015	0.17090%	21,510,000	12,706,299	169.29%	169.29%	70.68%
2014	0.17175%	20,755,000	12,561,207	165.23%	165.23%	70.88%

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

County of Patrick, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2014 through June 30, 2023

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					
2023	\$ 1,131,939	\$ 1,131,939	\$ -	\$ 7,615,731	14.86%
2022	910,445	910,445	-	6,865,549	13.26%
2021	864,835	864,835	-	6,493,241	13.32%
2020	750,496	750,496	-	6,522,025	11.51%
2019	746,919	746,919	-	6,460,418	11.56%
2018	648,526	648,526	-	6,108,403	10.62%
2017	590,726	590,726	-	5,520,475	10.70%
2016	671,160	671,160	-	5,297,198	12.67%
2015	652,292	652,292	-	5,131,869	12.71%
2014	683,781	683,781	-	4,957,116	13.79%
Component Unit School Board (nonprofessional)					
2023	\$ 132,774	\$ 132,774	\$ -	\$ 2,324,715	5.71%
2022	118,271	118,271	-	1,941,458	6.09%
2021	106,674	106,674	-	1,748,348	6.10%
2020	107,760	107,760	-	1,770,774	6.09%
2019	109,273	109,273	-	1,759,409	6.21%
2018	114,284	114,284	-	1,781,608	6.41%
2017	114,992	114,992	-	1,763,936	6.52%
2016	170,680	170,680	-	1,720,429	9.92%
2015	171,319	171,319	-	1,716,920	9.98%
2014	192,379	192,379	-	1,747,308	11.01%
Component Unit School Board (professional)					
2023	\$ 2,341,108	\$ 2,341,108	\$ -	\$ 14,729,461	15.89%
2022	2,142,251	2,142,251	-	13,363,586	16.03%
2021	2,045,566	2,045,566	-	12,722,354	16.08%
2020	1,964,648	1,964,648	-	12,914,293	15.21%
2019	1,952,976	1,952,976	-	12,712,025	15.36%
2018	2,106,654	2,106,654	-	13,155,134	16.01%
2017	1,933,261	1,933,261	-	13,363,229	14.47%
2016	1,930,644	1,930,644	-	12,974,082	14.88%
2015	1,835,096	1,835,096	-	12,706,299	14.44%
2014	1,559,788	1,559,788	-	12,561,207	12.42%

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

County of Patrick, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees

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

County of Patrick, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government - Health Insurance
For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 43,588	\$ 31,752	\$ 30,225	\$ 27,921	\$ 17,363	\$ 15,596
Interest	14,920	9,256	10,628	15,288	12,279	9,877
Effect of economic/demographic gains or losses	143,731	-	(61,027)	-	37,025	-
Changes in assumptions	(23,702)	(36,311)	2,579	33,585	108,743	(7,277)
Benefit payments	(11,243)	(35,910)	(36,651)	(33,221)	(25,691)	(18,235)
Net change in total OPEB liability	\$ 167,294	\$ (31,213)	\$ (54,246)	\$ 43,573	\$ 149,719	\$ (39)
Total OPEB liability - beginning	383,437	414,650	468,896	425,323	275,604	275,643
Total OPEB liability - ending	\$ 550,731	\$ 383,437	\$ 414,650	\$ 468,896	\$ 425,323	\$ 275,604
 Covered-employee payroll	 \$ 7,654,095	 \$ 6,387,091	 \$ 6,387,091	 \$ 6,411,197	 \$ 6,411,197	 \$ 5,453,800
 County's total OPEB liability as a percentage of covered-employee payroll	 7.20%	 6.00%	 6.49%	 7.31%	 6.63%	 5.05%

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

County of Patrick, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit - School Board - Health Insurance
For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 232,035	\$ 219,126	\$ 196,756	\$ 178,836	\$ 130,150	\$ 142,406
Interest	115,497	72,671	79,037	107,635	103,583	102,174
Effect of economic/demographic gains or losses	1,098,327	-	(744,473)	-	(279,540)	-
Changes in assumptions	(210,289)	(316,474)	295,216	279,152	218,241	(86,103)
Benefit payments	(111,766)	(68,789)	(53,111)	(111,090)	(92,861)	(125,748)
Net change in total OPEB liability	\$ 1,123,804	\$ (93,466)	\$ (226,575)	\$ 454,533	\$ 79,573	\$ 32,729
Total OPEB liability - beginning	3,085,996	3,179,462	3,406,037	2,951,504	2,871,931	2,839,202
Total OPEB liability - ending	\$ 4,209,800	\$ 3,085,996	\$ 3,179,462	\$ 3,406,037	\$ 2,951,504	\$ 2,871,931
 Covered-employee payroll	 \$ 17,075,476	 \$ 14,448,316	 \$ 14,448,316	 \$ 14,396,228	 \$ 14,396,228	 \$ 14,984,000
 School Board's total OPEB liability as a percentage of covered-employee payroll	 24.65%	 21.36%	 22.01%	 23.66%	 20.50%	 19.17%

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

County of Patrick, Virginia
Notes to Required Supplementary Information - Health Insurance
For the Year Ended June 30, 2023

Primary Government and Component Unit School Board

Valuation Date: 1/1/2023
Measurement Date: 6/30/2023

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	3.65% as of June 30, 2023
Inflation	2.50% per year as of June 30, 2023
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.70% and gradually declines to 4.00% by the year 2075.
Retirement Age	The average age at retirement is estimated based on probability of retirement.
County Participation Rate	It is assumed 20% of future retirees will elect coverage and also cover a spouse.
School Board Participation Rate	It is assumed 50% of future retirees who are eligible for ERIP at retirement do not elect to participate. Of the 50%, we assume 20% elect retiree health coverage.
Mortality Rates	The mortality rates for active employees was calculated using the RP-2014 Employee Mortality tables projected to 2020 using Scale BB with males and females set back one year (females set forward one year for public safety employees). The mortality rates for healthy retirees was calculated using the RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with females set back one year (males set forward one year and females set forward 3 years for public safety employees). The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Life Mortality tables projected to 2020 using Scale BB (males set forward 2 years for public safety employees).

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Primary Government - Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.03160% \$	380,133 \$	6,865,549	5.54%	67.21%
2021	0.03140%	365,581	6,493,241	5.63%	67.45%
2020	0.03168%	528,688	6,522,025	8.11%	52.64%
2019	0.03306%	537,974	6,481,527	8.30%	52.00%
2018	0.03212%	488,000	6,108,403	7.99%	51.22%
2017	0.02993%	451,000	5,520,475	8.17%	48.86%

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

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Component Unit - School Board (nonprofessional) Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.00890% \$	107,526 \$	1,941,458	5.54%	67.21%
2021	0.00850%	98,614	1,753,573	5.62%	67.45%
2020	0.00858%	143,186	1,773,509	8.07%	52.64%
2019	0.00900%	146,453	1,763,835	8.30%	52.00%
2018	0.00937%	143,000	1,781,608	8.03%	51.22%
2017	0.00956%	144,000	1,763,936	8.16%	48.86%

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

County of Patrick, Virginia
Schedule of Employers' Share of the Net OPEB Liability
Component Unit - School Board - Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.06170% \$	742,807	\$ 13,391,364	5.55%	67.21%
2021	0.06160%	717,424	12,741,680	5.63%	67.45%
2020	0.06269%	1,046,194	12,914,298	8.10%	52.64%
2019	0.06485%	1,055,282	12,711,488	8.30%	52.00%
2018	0.06919%	1,051,000	13,155,134	7.99%	51.22%
2017	0.07245%	1,090,000	13,363,229	8.16%	48.86%

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

County of Patrick, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2023

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					
2023	\$ 41,143	\$ 41,143	\$ -	\$ 7,618,989	0.54%
2022	37,087	37,087	-	6,865,549	0.54%
2021	35,012	35,012	-	6,493,241	0.54%
2020	33,915	33,915	-	6,522,025	0.52%
2019	33,705	33,705	-	6,481,527	0.52%
2018	31,757	31,757	-	6,108,403	0.52%
2017	28,706	28,706	-	5,520,475	0.52%
2016	25,427	25,427	-	5,297,198	0.48%
2015	24,633	24,633	-	5,131,869	0.48%
2014	23,794	23,794	-	4,957,116	0.48%
Component Unit School Board (nonprofessional)					
2023	\$ 12,671	\$ 12,671	\$ -	\$ 2,346,436	0.54%
2022	10,484	10,484	-	1,941,458	0.54%
2021	9,469	9,469	-	1,753,573	0.54%
2020	9,199	9,199	-	1,773,509	0.52%
2019	9,137	9,137	-	1,763,835	0.52%
2018	9,265	9,265	-	1,781,608	0.52%
2017	9,172	9,172	-	1,763,936	0.52%
2016	8,258	8,258	-	1,720,429	0.48%
2015	8,241	8,241	-	1,716,920	0.48%
2014	8,392	8,392	-	1,747,308	0.48%
Component Unit School Board (professional)					
2023	\$ 79,583	\$ 79,583	\$ -	\$ 14,737,645	0.54%
2022	72,459	72,459	-	13,391,364	0.54%
2021	68,695	68,695	-	12,741,680	0.54%
2020	67,096	67,096	-	12,914,298	0.52%
2019	66,120	66,120	-	12,711,488	0.52%
2018	68,406	68,406	-	13,155,134	0.52%
2017	69,489	69,489	-	13,363,229	0.52%
2016	62,276	62,276	-	12,974,082	0.48%
2015	60,990	60,990	-	12,706,299	0.48%
2014	60,294	60,294	-	12,561,207	0.48%
2013	59,477	59,477	-	12,391,074	0.48%

County of Patrick, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Patrick, Virginia
Schedule of Changes in the County's Net OPEB Liability and Ratios
Primary Government - Health Insurance Credit (HIC) Plan
For the Measurement Date of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total HIC OPEB Liability					
Service cost	\$ 5,368	\$ 3,668	\$ 2,892	\$ 1,541	\$ 1,961
Interest	1,777	1,896	1,022	1,987	(8)
Differences between expected and actual experience	(16,814)	(13,676)	43,767	323	28,414
Changes of assumptions	(27,255)	3,198	13,194	977	-
Benefit payments	(3,904)	(3,980)	(4,590)	(3,473)	(240)
Net change in total HIC OPEB liability	\$ (40,828)	\$ (8,894)	\$ 56,285	\$ 1,355	\$ 30,127
Total HIC OPEB Liability - beginning	78,873	87,767	31,482	30,127	-
Total HIC OPEB Liability - ending (a)	\$ 38,045	\$ 78,873	\$ 87,767	\$ 31,482	\$ 30,127
Plan fiduciary net position					
Contributions - employer	\$ 5,033	\$ 4,706	\$ 2,706	\$ 1,943	\$ 2,501
Net investment income	(18)	-	-	69	23
Benefit payments	(3,904)	(3,980)	(4,590)	(3,473)	(240)
Administrator charges	(15)	-	1	-	(3)
Other	8,928	-	-	-	-
Net change in plan fiduciary net position	\$ 10,024	\$ 726	\$ (1,883)	\$ (1,461)	\$ 2,281
Plan fiduciary net position - beginning	(337)	(1,063)	820	2,281	-
Plan fiduciary net position - ending (b)	\$ 9,687	\$ (337)	\$ (1,063)	\$ 820	\$ 2,281
County's net HIC OPEB liability - ending (a) - (b)	\$ 28,358	\$ 79,210	\$ 88,830	\$ 30,662	\$ 27,846
Plan fiduciary net position as a percentage of the total HIC OPEB liability	25.46%	-0.43%	-1.21%	2.60%	7.57%
Covered payroll	\$ 1,477,767	\$ 1,386,564	\$ 1,446,653	\$ 1,493,942	\$ 1,470,653
County's net HIC OPEB liability as a percentage of covered payroll	1.92%	5.71%	6.14%	2.05%	1.89%

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

County of Patrick, Virginia
Schedule of Changes in the County's Net OPEB Liability and Ratios
Component Unit - School Board - Health Insurance Credit (HIC) Plan
For the Measurement Date of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 2,742	\$ 2,531	\$ -
Interest	15,173	13,697	-
Changes in benefit terms	-	-	202,921
Differences between expected and actual experience	(1,887)	-	-
Changes of assumptions	21,453	7,408	-
Benefit payments	(9,023)	-	-
Net change in total HIC OPEB liability	\$ 28,458	\$ 23,636	\$ 202,921
Total HIC OPEB Liability - beginning	226,557	202,921	-
Total HIC OPEB Liability - ending (a)	\$ 255,015	\$ 226,557	\$ 202,921
 Plan fiduciary net position			
Contributions - employer	\$ 17,667	\$ 15,910	\$ -
Net investment income	(202)	2,215	-
Benefit payments	(9,023)	-	-
Administrator charges	(45)	(71)	-
Net change in plan fiduciary net position	\$ 8,397	\$ 18,054	\$ -
Plan fiduciary net position - beginning	18,054	-	-
Plan fiduciary net position - ending (b)	\$ 26,451	\$ 18,054	\$ -
 Component Unit School Board's net HIC OPEB liability - ending (a) - (b)	\$ 228,564	\$ 208,503	\$ 202,921
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	10.37%	7.97%	0.00%
 Covered payroll	\$ 1,941,458	\$ 1,748,348	\$ -
 County's net HIC OPEB liability as a percentage of covered payroll	11.77%	11.93%	0.00%

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

County of Patrick, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2018 through June 30, 2023

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					
2023	\$ 5,762	\$ 5,762	\$ -	\$ 1,694,566	0.34%
2022	5,033	5,033	-	1,477,767	0.34%
2021	4,706	4,706	-	1,386,564	0.34%
2020	2,710	2,710	-	1,446,653	0.19%
2019	2,844	2,844	-	1,493,942	0.19%
2018	2,501	2,501	-	1,470,653	0.17%
Component Unit School Board (nonprofessional)					
2023	\$ 27,923	\$ 27,923	\$ -	\$ 2,346,436	1.19%
2022	17,667	17,667	-	1,941,458	0.91%
2021	15,910	15,910	-	1,748,348	0.91%

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

County of Patrick, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Patrick, Virginia
 Schedule of School Board's Share of the Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.14383%	\$ 1,796,504	\$ 13,363,586	13.44%	15.08%
2021	0.14387%	1,846,671	12,744,355	14.49%	13.15%
2020	0.14718%	1,919,987	12,914,298	14.87%	9.95%
2019	0.15151%	1,983,413	12,711,488	15.60%	8.97%
2018	0.16267%	2,065,000	13,155,362	15.70%	8.08%
2017	0.16933%	2,148,000	13,363,229	16.07%	7.04%

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

County of Patrick, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2023

Date	Contributions in Relation to				Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2023	\$ 178,240	\$ 178,240	\$ -	\$ 14,730,583	1.21%
2022	162,206	162,206	-	13,363,586	1.21%
2021	153,962	153,962	-	12,744,355	1.21%
2020	154,877	154,877	-	12,914,298	1.20%
2019	152,545	152,545	-	12,711,488	1.20%
2018	161,807	161,807	-	13,155,362	1.23%
2017	148,332	148,332	-	13,363,229	1.11%
2016	137,490	137,490	-	12,970,782	1.06%
2015	134,687	134,687	-	12,706,299	1.06%
2014	139,415	139,415	-	12,559,948	1.11%

County of Patrick, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Other Supplementary Information

County of Patrick, Virginia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2023

	Asset Forfeiture Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 666	\$ 114	\$ (552)
Intergovernmental:				
Commonwealth	5,990	20,294	32,118	11,824
Total revenues	\$ 5,990	\$ 20,960	\$ 32,232	\$ 11,272
EXPENDITURES				
Current:				
Public safety	\$ 2,418	\$ 21,389	\$ 21,558	\$ (169)
Total expenditures	\$ 2,418	\$ 21,389	\$ 21,558	\$ (169)
Excess (deficiency) of revenues over (under) expenditures	\$ 3,572	\$ (429)	\$ 10,674	\$ 11,103
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (18,951)	\$ (42,959)	\$ (42,959)	\$ -
Total other financing sources and uses	\$ (18,951)	\$ (42,959)	\$ (42,959)	\$ -
Net change in fund balances	\$ (15,379)	\$ (43,388)	\$ (32,285)	\$ 11,103
Fund balances - beginning	15,379	43,388	227,052	183,664
Fund balances - ending	\$ -	\$ -	\$ 194,767	\$ 194,767

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.

Inmate Fund- The Inmate fund accounts for those funds held by the Sheriff for the Inmate Trust funds.

County of Patrick, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>			
	<u>Special Welfare</u>	<u>Dehart Cemetery</u>	<u>Inmate</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,167	\$ 6,000	\$ 6,093	\$ 13,260
Total assets	<u>\$ 1,167</u>	<u>\$ 6,000</u>	<u>\$ 6,093</u>	<u>\$ 13,260</u>
NET POSITION				
Restricted:				
Special Welfare	\$ 1,167	\$ -	\$ -	\$ 1,167
Dehart Cemetery	-	6,000	-	6,000
Inmate Balances	-	-	6,093	6,093
Total net position	<u>\$ 1,167</u>	<u>\$ 6,000</u>	<u>\$ 6,093</u>	<u>\$ 13,260</u>

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

	Custodial Funds			
	<u>Special Welfare</u>	<u>Dehart Cemetery</u>	<u>Inmate</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Expenditure reimbursements	\$ 16,541	\$ -	\$ -	\$ 16,541
Miscellaneous	-	5	-	5
Inmate reimbursements	-	-	113,060	113,060
Total contributions	<u>\$ 16,541</u>	<u>\$ 5</u>	<u>\$ 113,060</u>	<u>\$ 129,606</u>
DEDUCTIONS				
Special welfare payments	\$ 15,665	\$ -	\$ -	\$ 15,665
Transfers to other funds	-	5	-	5
Inmate payments	-	-	112,270	112,270
Total deductions	<u>\$ 15,665</u>	<u>\$ 5</u>	<u>\$ 112,270</u>	<u>\$ 127,940</u>
Net increase (decrease) in fiduciary net position	\$ 876	\$ -	\$ 790	\$ 1,666
Net position - beginning	291	6,000	5,303	11,594
Net position - ending	<u>\$ 1,167</u>	<u>\$ 6,000</u>	<u>\$ 6,093</u>	<u>\$ 13,260</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

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

County of Patrick, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2023

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,651,059	\$ -	\$ 1,651,059
Cash in custody of others	200	487,215	487,415
Investments	564,922	-	564,922
Receivables (net of allowance for uncollectibles)			-
Accounts receivable	23,757	15,041	38,798
Due from other governmental units	1,296,264	-	1,296,264
Inventories	94,388	-	94,388
Prepaid items	214,768	-	214,768
Total assets	<u>\$ 3,845,358</u>	<u>\$ 502,256</u>	<u>\$ 4,347,614</u>
LIABILITIES			
Accounts payable	\$ 240,703	\$ 2,066	\$ 242,769
Salaries payable	1,520,947	-	1,520,947
Due to primary government	1,107,581	-	1,107,581
Unearned revenue	125,000	-	125,000
Total liabilities	<u>\$ 2,994,231</u>	<u>\$ 2,066</u>	<u>\$ 2,996,297</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 214,768	\$ -	\$ 214,768
Inventories	94,388	-	94,388
Restricted:			
Cafeteria	756,539	-	756,539
Committed:			
Education	200	-	200
Unassigned	(214,768)	500,190	285,422
Total fund balances	<u>\$ 851,127</u>	<u>\$ 500,190</u>	<u>\$ 1,351,317</u>
Total liabilities and fund balances	<u>\$ 3,845,358</u>	<u>\$ 502,256</u>	<u>\$ 4,347,614</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 1,351,317
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 769,576	
Construction in progress		2,372,748	
Building and improvements		7,135,259	
Machinery and equipment		6,906,022	
Lease - machinery and equipment		53,275	
Subscription asset		<u>125,833</u>	17,362,713
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Net pension asset			104,404
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 3,806,655	
OPEB related items		<u>1,876,317</u>	5,682,972
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Lease liabilities		\$ (53,613)	
Compensated absences		(450,867)	
Net pension liability		(13,771,546)	
Net OPEB liabilities		<u>(7,085,201)</u>	(21,361,227)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (4,001,715)	
OPEB related items		<u>(1,629,830)</u>	(5,631,545)
Net position of governmental activities			<u>\$ (2,491,366)</u>

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, 2023

	School Operating Fund	Nonmajor Fund School Activity Fund*	Total
REVENUES			
Revenue from the use of money and property	\$ 20,358	\$ -	\$ 20,358
Charges for services	97,162	-	97,162
Miscellaneous	591,671	821,158	1,412,829
Recovered costs	185,440	-	185,440
Intergovernmental:			
Local government	7,321,168	-	7,321,168
Commonwealth	24,826,326	-	24,826,326
Federal	7,303,227	-	7,303,227
Total revenues	<u>\$ 40,345,352</u>	<u>\$ 821,158</u>	<u>\$ 41,166,510</u>
EXPENDITURES			
Current:			
Education	\$ 39,882,603	\$ 1,178,084	\$ 41,060,687
Debt service:			
Principal retirement	166,140	-	166,140
Interest and other fiscal charges	954	-	954
Total expenditures	<u>\$ 40,049,697</u>	<u>\$ 1,178,084</u>	<u>\$ 41,227,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 295,655</u>	<u>\$ (356,926)</u>	<u>\$ (61,271)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 413,507	\$ 413,507
Transfers out	(413,507)	-	(413,507)
Issuance of subscription liability	145,961	-	145,961
Total other financing sources and uses	<u>\$ (267,546)</u>	<u>\$ 413,507</u>	<u>\$ 145,961</u>
Net change in fund balances	\$ 28,109	\$ 56,581	\$ 84,690
Fund balances - beginning	823,018	443,609	1,266,627
Fund balances - ending	<u>\$ 851,127</u>	<u>\$ 500,190</u>	<u>\$ 1,351,317</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ 84,690
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.			
Capital outlay		\$ 5,328,814	
Depreciation expense		<u>(1,728,136)</u>	3,600,678
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			
			(785)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan			639,890
State non-employer contribution to OPEB plans			36,055
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:			
Subscription liability		\$ (145,961)	
Principal payments:			
Lease liabilities		20,179	
Subscription liability		<u>145,961</u>	20,179
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		\$ (2,729)	
Change in net pension (asset)/liabilities and related deferred items		2,342,625	
Change in net OPEB liabilities and related deferred items		<u>(99,447)</u>	2,240,449
Change in net position of governmental activities			<u>\$ 6,621,156</u>

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

County of Patrick, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,250	\$ 1,250	\$ 20,358	\$ 19,108
Charges for services	174,508	174,508	97,162	(77,346)
Miscellaneous	316,500	316,500	591,671	275,171
Recovered costs	314,983	314,983	185,440	(129,543)
Intergovernmental:				
Local government	7,033,388	7,033,388	7,321,168	287,780
Commonwealth	24,926,939	24,926,939	24,826,326	(100,613)
Federal	7,902,201	7,902,201	7,303,227	(598,974)
Total revenues	\$ 40,669,769	\$ 40,669,769	\$ 40,345,352	\$ (324,417)
EXPENDITURES				
Current:				
Education	\$ 40,669,769	\$ 40,669,769	\$ 39,882,603	\$ 787,166
Debt service:				
Principal retirement	-	-	166,140	(166,140)
Interest and other fiscal charges	-	-	954	(954)
Total expenditures	\$ 40,669,769	\$ 40,669,769	\$ 40,049,697	\$ 620,072
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 295,655	\$ 295,655
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (413,507)	\$ (413,507)
Issuance of subscription liability	-	-	145,961	145,961
Total other financing sources and uses	\$ -	\$ -	\$ (267,546)	\$ (267,546)
Net change in fund balances	\$ -	\$ -	\$ 28,109	\$ 28,109
Fund balances - beginning	-	-	823,018	823,018
Fund balances - ending	\$ -	\$ -	\$ 851,127	\$ 851,127

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,630,118	\$ 11,630,118	\$ 11,531,999	\$ (98,119)
Real and personal public service corporation taxes	523,126	523,126	560,606	37,480
Personal property taxes	2,390,727	2,615,727	3,077,691	461,964
Mobile home taxes	97,000	97,000	104,804	7,804
Machinery and tools taxes	570,000	570,000	827,574	257,574
Penalties	100,000	115,000	167,959	52,959
Interest	90,000	90,000	77,383	(12,617)
Total general property taxes	<u>\$ 15,400,971</u>	<u>\$ 15,640,971</u>	<u>\$ 16,348,016</u>	<u>\$ 707,045</u>
Other local taxes:				
Local sales and use taxes	\$ 1,800,000	\$ 1,800,000	\$ 3,445,895	\$ 1,645,895
Consumers' utility taxes	413,000	413,000	399,792	(13,208)
Consumption taxes	55,000	55,000	53,433	(1,567)
Gross receipts tax	2,500	2,500	2,552	52
Cigarette taxes	44,219	44,219	31,059	(13,160)
Food and beverage taxes	351,200	351,200	403,950	52,750
Motor vehicle licenses	475,000	475,000	34,272	(440,728)
Bank stock taxes	40,000	40,000	7,454	(32,546)
Taxes on recordation and wills	150,000	150,000	151,391	1,391
Transient occupancy taxes	500,000	658,368	736,375	78,007
Total other local taxes	<u>\$ 3,830,919</u>	<u>\$ 3,989,287</u>	<u>\$ 5,266,173</u>	<u>\$ 1,276,886</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 16,375	\$ 1,375
Transfer fees	1,000	1,000	1,015	15
Erosion and sediment control permits	1,000	1,000	5,156	4,156
Building permits	78,950	78,950	97,002	18,052
Total permits, privilege fees, and regulatory licenses	<u>\$ 95,950</u>	<u>\$ 95,950</u>	<u>\$ 119,548</u>	<u>\$ 23,598</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 21,981	\$ (8,019)
Revenue from use of money and property:				
Revenue from use of money	\$ 67,859	\$ 67,859	\$ 478,448	\$ 410,589
Revenue from use of property	11,000	11,000	10,992	(8)
Total revenue from use of money and property	<u>\$ 78,859</u>	<u>\$ 78,859</u>	<u>\$ 489,440</u>	<u>\$ 410,581</u>
Charges for services:				
Charges for courthouse maintenance	\$ -	\$ -	\$ 3,136	\$ 3,136
Charges for credit card collections	7,813	8,925	9,791	866
Charges for ambulance	219,100	255,116	292,912	37,796
Charges for Commonwealth's Attorney	5,000	5,000	4,227	(773)
Charges for sanitation and waste removal	275,000	275,000	332,554	57,554
Charges for parks and recreation	17,000	18,700	31,261	12,561
Charges for library	-	-	937	937
Charges for courthouse security fees	25,000	25,000	22,974	(2,026)
Total charges for services	<u>\$ 548,913</u>	<u>\$ 587,741</u>	<u>\$ 697,792</u>	<u>\$ 110,051</u>
Miscellaneous:				
Local grants and donations	\$ 680	\$ 30,948	\$ 35,198	\$ 4,250
Opioid settlement miscellaneous revenue	-	13,378	98,752	85,374
Miscellaneous	134,047	344,834	358,554	13,720
Total miscellaneous	<u>\$ 134,727</u>	<u>\$ 389,160</u>	<u>\$ 492,504</u>	<u>\$ 103,344</u>

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Payroll reimbursements	\$ 497,141	\$ 558,639	\$ 679,054	\$ 120,415
Law enforcement	15,000	15,000	13,265	(1,735)
Other recovered costs	158,434	187,331	132,907	(54,424)
Charges for jail inmates	410,878	417,941	422,018	4,077
Health department	-	-	28,400	28,400
Total recovered costs	\$ 1,081,453	\$ 1,178,911	\$ 1,275,644	\$ 96,733
Total revenue from local sources	\$ 21,201,792	\$ 21,990,879	\$ 24,711,098	\$ 2,720,219
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 40,000	\$ 40,000	\$ 40,466	\$ 466
Motor vehicle rental tax	2,500	2,500	3,374	874
Personal property tax relief funds	688,659	688,659	688,659	-
Communications tax	375,000	375,000	339,064	(35,936)
Motor vehicle carriers' tax	100	100	40	(60)
Total noncategorical aid	\$ 1,106,259	\$ 1,106,259	\$ 1,071,603	\$ (34,656)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 376,234	\$ 376,786	\$ 353,357	\$ (23,429)
Sheriff	2,591,263	2,591,263	2,539,641	(51,622)
Commissioner of revenue	120,825	120,825	111,874	(8,951)
Treasurer	128,009	128,009	133,757	5,748
Registrar/electoral board	84,268	84,268	64,952	(19,316)
Clerk of the circuit court	272,222	272,222	268,376	(3,846)
Total shared expenses	\$ 3,572,821	\$ 3,573,373	\$ 3,471,957	\$ (101,416)
Other categorical aid:				
Victim witness grant	\$ 21,842	\$ 21,842	\$ 21,000	\$ (842)
State welfare funds	622,041	829,295	829,295	-
Children's services	650,000	650,000	1,052,087	402,087
E-911 wireless funds	60,000	152,277	296,362	144,085
Technology Grants	22,300	22,300	47,994	25,694
Fire programs	55,000	55,000	64,904	9,904
Emergency service grant	55,724	62,894	43,836	(19,058)
Commission for the arts	4,500	4,500	4,500	-
Litter control grant	9,556	12,582	13,053	471
Justice assistance grant	-	1,764	72,417	70,653
Total other categorical aid	\$ 1,500,963	\$ 1,812,454	\$ 2,445,448	\$ 632,994
Total categorical aid	\$ 5,073,784	\$ 5,385,827	\$ 5,917,405	\$ 531,578
Total revenue from the Commonwealth	\$ 6,180,043	\$ 6,492,086	\$ 6,989,008	\$ 496,922
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 22,000	\$ 22,000	\$ 24,758	\$ 2,758
Federal interest subsidy	78,000	78,000	78,281	281
Total noncategorical aid	\$ 100,000	\$ 100,000	\$ 103,039	\$ 3,039

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	\$ 2,472,973	\$ 2,676,806	\$ 981,145	\$ (1,695,661)
Emergency management performance grant	7,500	7,500	-	(7,500)
Edward Byrne Memorial Justice Assistance Grant Program	-	-	22,911	22,911
Federal welfare funds	1,471,469	1,471,469	1,503,758	32,289
COVID-19 Coronavirus Emergency Supplemental Funding Program	37,400	85,373	37,918	(47,455)
Violence against woment grant	40,000	40,000	40,000	-
Highway safety grants	20,000	29,003	36,720	7,717
Victim witness grant	48,158	48,158	48,158	-
CDBG	16,500	93,172	57,014	(36,158)
Total categorical aid	\$ 4,114,000	\$ 4,451,481	\$ 2,727,624	\$ (1,723,857)
Total revenue from the federal government	\$ 4,214,000	\$ 4,551,481	\$ 2,830,663	\$ (1,720,818)
Total General Fund	\$ 31,595,835	\$ 33,034,446	\$ 34,530,769	\$ 1,496,323
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 666	\$ 114	\$ (552)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Seized Assets	\$ 5,990	\$ 20,294	\$ 32,118	\$ 11,824
Total Asset Forfeiture fund	\$ 5,990	\$ 20,960	\$ 32,232	\$ 11,272
Total Primary Government	\$ 31,601,825	\$ 33,055,406	\$ 34,563,001	\$ 1,507,595
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	\$ -	\$ -	\$ 19,530	\$ 19,530
Revenue from the use of property	1,250	1,250	828	(422)
Total revenue from use of money and property	\$ 1,250	\$ 1,250	\$ 20,358	\$ 19,108
Charges for services:				
Cafeteria sales	\$ 132,452	\$ 132,452	\$ 94,183	\$ (38,269)
Transportation of pupils	42,056	42,056	2,979	(39,077)
Total charges for services	\$ 174,508	\$ 174,508	\$ 97,162	\$ (77,346)
Miscellaneous:				
Other miscellaneous	\$ 316,500	\$ 316,500	\$ 591,671	\$ 275,171
Recovered costs:				
Other recovered costs	\$ 314,983	\$ 314,983	\$ 185,440	\$ (129,543)
Total revenue from local sources	\$ 807,241	\$ 807,241	\$ 894,631	\$ 87,390

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Patrick, Virginia	\$ 7,033,388	\$ 7,033,388	\$ 7,321,168	\$ 287,780
Revenues from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,250,175	\$ 3,250,175	\$ 3,417,702	\$ 167,527
Basic school aid	10,888,608	10,888,608	10,431,450	(457,158)
Regular foster care	9,657	9,657	34,740	25,083
GED Prep	8,233	8,233	8,203	(30)
Gifted and talented	98,237	98,237	97,868	(369)
Remedial education	351,867	351,867	350,546	(1,321)
Textbook payment	236,447	236,447	235,560	(887)
Vocational standards of quality payments	226,838	226,838	225,987	(851)
Fringe benefits-Social security	623,358	623,358	621,019	(2,339)
Fringe benefits-Retirement	1,452,121	1,452,121	1,446,672	(5,449)
Fringe benefits-Life insurance	44,653	44,653	44,486	(167)
State lottery payments	709,702	709,702	718,871	9,169
School food	16,779	16,779	34,770	17,991
Early reading intervention	187,499	187,499	142,723	(44,776)
Homebound education	13,213	13,213	30,618	17,405
Vocational education - equipment	-	-	4,398	4,398
Vocational occupational preparedness	-	-	33,744	33,744
Vocational adult education	38,874	38,874	-	(38,874)
Special education	1,334,236	1,334,236	1,329,230	(5,006)
Regional program tuition	-	-	21,989	21,989
Special education - foster children	-	-	9,407	9,407
At risk payments	1,334,574	1,334,574	1,328,711	(5,863)
Primary class size	628,912	628,912	629,827	915
Mentor teacher program	1,648	1,648	955	(693)
English as a second language	56,988	56,988	45,590	(11,398)
Standards of Learning algebra readiness	42,671	42,671	45,419	2,748
No Loss Funding	336,266	336,266	336,266	-
VA preschool initiative	450,724	450,724	356,823	(93,901)
Other state funds	6,912	6,912	56,949	50,037
VPSA technology grant	232,000	232,000	375,922	143,922
Breakfast after the bell	-	-	10,129	10,129
Remedial summer education	-	-	56,419	56,419
School construction	1,703,910	1,703,910	1,703,910	-
Supplemental support for schools	641,837	641,837	639,423	(2,414)
Total categorical aid	\$ 24,926,939	\$ 24,926,939	\$ 24,826,326	\$ (100,613)

County of Patrick, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Adult education	\$ 50,892	\$ 50,892	\$ 33,067	\$ (17,825)
Title I	669,190	669,190	885,880	216,690
Title VI-B, special education flow-through	646,645	646,645	698,312	51,667
Title VI-B, special education preschool	13,845	13,845	13,559	(286)
Vocational education	47,889	47,889	53,829	5,940
Title II, part A	87,053	87,053	114,613	27,560
Title III - Limited English proficient	5,079	5,079	-	(5,079)
Rural school program	52,392	52,392	102,837	50,445
School breakfast program	377,509	377,509	518,192	140,683
School lunch program	656,204	656,204	1,236,722	580,518
Summer feeding program	-	-	21,038	21,038
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	219,864	219,864	700,434	480,570
ESSER	5,019,255	5,019,255	2,806,215	(2,213,040)
Title IV, part A	56,384	56,384	118,529	62,145
Total categorical aid	<u>\$ 7,902,201</u>	<u>\$ 7,902,201</u>	<u>\$ 7,303,227</u>	<u>\$ (598,974)</u>
Total revenue from the federal government	<u>\$ 7,902,201</u>	<u>\$ 7,902,201</u>	<u>\$ 7,303,227</u>	<u>\$ (598,974)</u>
Total Discretely Presented Component Unit - School Board - School Operating Fund	<u><u>\$ 40,669,769</u></u>	<u><u>\$ 40,669,769</u></u>	<u><u>\$ 40,345,352</u></u>	<u><u>\$ (324,417)</u></u>

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2023

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 66,758	\$ 94,662	\$ 106,051	\$ (11,389)
General and financial administration:				
County administrator	\$ 428,575	\$ 455,074	\$ 494,534	\$ (39,460)
Finance	230,125	234,601	218,108	16,493
Legal services	42,000	57,000	57,952	(952)
Audit services	60,600	60,600	56,000	4,600
Commissioner of revenue	338,815	340,430	309,453	30,977
DMV agent office	69,509	74,148	61,580	12,568
Treasurer	399,215	428,105	392,207	35,898
Tax mapping	76,061	76,699	72,014	4,685
Total general and financial administration	\$ 1,644,900	\$ 1,726,657	\$ 1,661,848	\$ 64,809
Board of elections:				
Electoral board and officials	\$ 98,161	\$ 98,161	\$ 81,910	\$ 16,251
Registrar	169,740	170,817	150,493	20,324
Total board of elections	\$ 267,901	\$ 268,978	\$ 232,403	\$ 36,575
Total general government administration	\$ 1,979,559	\$ 2,090,297	\$ 2,000,302	\$ 89,995
Judicial administration:				
Courts:				
Circuit court	\$ 68,443	\$ 75,864	\$ 70,740	\$ 5,124
General district court	27,124	27,172	13,912	13,260
Special magistrates	3,350	3,350	2,773	577
Juvenile and domestic relations court	7,036	7,230	5,729	1,501
Clerk of the circuit court	519,890	523,241	481,353	41,888
Juvenile and domestic relations court services	24,630	24,630	10,176	14,454
Victim witness program	70,109	72,610	69,344	3,266
Courtroom security	215,434	217,241	205,363	11,878
Total courts	\$ 936,016	\$ 951,338	\$ 859,390	\$ 91,948
Commonwealth's attorney:				
Commonwealth's attorney	\$ 602,817	\$ 614,999	\$ 555,947	\$ 59,052
Total judicial administration	\$ 1,538,833	\$ 1,566,337	\$ 1,415,337	\$ 151,000
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,298,427	\$ 3,612,370	\$ 3,707,622	\$ (95,252)
Sheriff-school resource officer	542,949	549,914	535,179	14,735
Total law enforcement and traffic control	\$ 3,841,376	\$ 4,162,284	\$ 4,242,801	\$ (80,517)
Fire and rescue services:				
E-911 department	\$ 609,395	\$ 709,976	\$ 672,317	\$ 37,659
Volunteer fire departments	281,925	534,051	528,070	5,981
Volunteer emergency operations	930,621	1,208,141	1,167,112	41,029
Total fire and rescue services	\$ 1,821,941	\$ 2,452,168	\$ 2,367,499	\$ 84,669
Correction and detention:				
Sheriff-correction and detention	\$ 2,226,839	\$ 2,340,620	\$ 2,625,375	\$ (284,755)
Juvenile detention	16,957	16,957	16,957	-
Total correction and detention	\$ 2,243,796	\$ 2,357,577	\$ 2,642,332	\$ (284,755)

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 238,645	\$ 240,883	\$ 225,464	\$ 15,419
Other protection:				
Animal control	\$ 158,443	\$ 178,161	\$ 168,112	\$ 10,049
Medical examiner	500	500	440	60
Storm water management	84,626	84,838	82,646	2,192
Emergency services	198,532	224,232	204,599	19,633
Total other protection	\$ 442,101	\$ 487,731	\$ 455,797	\$ 31,934
Total public safety	\$ 8,587,859	\$ 9,700,643	\$ 9,933,893	\$ (233,250)
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 820,045	\$ 845,668	\$ 832,897	\$ 12,771
Maintenance of general buildings and grounds:				
General properties	\$ 1,110,384	\$ 1,202,436	\$ 1,133,244	\$ 69,192
Total public works	\$ 1,930,429	\$ 2,048,104	\$ 1,966,141	\$ 81,963
Health and welfare:				
Health:				
Supplement of local health department	\$ 129,947	\$ 129,947	\$ 129,947	\$ -
Behavioral health and development services:				
Contribution to local community services board	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Behavioral health	34,000	34,000	29,649	4,351
Total behavioral health and development services	\$ 84,000	\$ 84,000	\$ 79,649	\$ 4,351
Welfare:				
Public assistance	\$ 2,701,111	\$ 2,983,880	\$ 2,805,949	\$ 177,931
Children's Services Act (CSA)	1,000,006	1,450,444	1,545,191	(94,747)
Contribution to area on aging	2,252	2,252	2,252	-
Total welfare	\$ 3,703,369	\$ 4,436,576	\$ 4,353,392	\$ 83,184
Total health and welfare	\$ 3,917,316	\$ 4,650,523	\$ 4,562,988	\$ 87,535
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 6,582,781	\$ 6,582,781	\$ 7,321,168	\$ (738,387)
Contributions to Community College	10,000	10,000	10,000	-
Total education	\$ 6,592,781	\$ 6,592,781	\$ 7,331,168	\$ (738,387)
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 287,502	\$ 334,384	\$ 348,215	\$ (13,831)
Library:				
Contribution to regional library	\$ 284,932	\$ 295,127	\$ 294,822	\$ 305
Total parks, recreation, and cultural	\$ 572,434	\$ 629,511	\$ 643,037	\$ (13,526)

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Community development	\$ 119,596	\$ 203,099	\$ 171,744	\$ 31,355
Economic development	1,789,684	1,790,919	116,736	1,674,183
Capital contributions to Patrick EDA	211,800	211,800	211,800	-
Tourism	395,195	593,604	618,735	(25,131)
Total planning and community development	<u>\$ 2,516,275</u>	<u>\$ 2,799,422</u>	<u>\$ 1,119,015</u>	<u>\$ 1,680,407</u>
Environmental management:				
Soil and water district	\$ 142,762	\$ 142,762	\$ 142,762	\$ -
Cooperative extension program:				
Extension office	\$ 121,164	\$ 121,164	\$ 128,461	\$ (7,297)
Total community development	<u>\$ 2,780,201</u>	<u>\$ 3,063,348</u>	<u>\$ 1,390,238</u>	<u>\$ 1,673,110</u>
Nondepartmental:				
Accrued leave payments	\$ 60,000	\$ 5,748	\$ -	\$ 5,748
Total nondepartmental	<u>\$ 60,000</u>	<u>\$ 5,748</u>	<u>\$ -</u>	<u>\$ 5,748</u>
Capital projects:				
Other capital projects	\$ 263,811	\$ 278,711	\$ 152,415	\$ 126,296
Total capital projects	<u>\$ 263,811</u>	<u>\$ 278,711</u>	<u>\$ 152,415</u>	<u>\$ 126,296</u>
Debt service:				
Principal retirement	\$ 1,424,820	\$ 1,424,820	\$ 1,445,618	\$ (20,798)
Interest and other fiscal charges	1,276,830	1,276,830	1,294,491	(17,661)
Total debt service	<u>\$ 2,701,650</u>	<u>\$ 2,701,650</u>	<u>\$ 2,740,109</u>	<u>\$ (38,459)</u>
Total General Fund	<u><u>\$ 30,924,873</u></u>	<u><u>\$ 33,327,653</u></u>	<u><u>\$ 32,135,628</u></u>	<u><u>\$ 1,192,025</u></u>
Nonmajor Special Revenue funds:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,418	\$ 21,389	\$ 21,558	\$ (169)
Total Asset Forfeiture fund	<u>\$ 2,418</u>	<u>\$ 21,389</u>	<u>\$ 21,558</u>	<u>\$ (169)</u>
Total Primary Government	<u><u>\$ 30,927,291</u></u>	<u><u>\$ 33,349,042</u></u>	<u><u>\$ 32,157,186</u></u>	<u><u>\$ 1,191,856</u></u>

County of Patrick, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,514,030	\$ 1,514,030	\$ 1,829,708	\$ (315,678)
Instruction costs:				
Instructional costs	\$ 26,916,979	\$ 26,916,979	\$ 24,390,588	\$ 2,526,391
Technology	2,109,250	2,109,250	2,704,451	(595,201)
Total instruction costs	\$ 29,026,229	\$ 29,026,229	\$ 27,095,039	\$ 1,931,190
Operating costs:				
Pupil transportation	\$ 2,761,044	\$ 2,761,044	\$ 3,002,512	\$ (241,468)
Operation and maintenance of school plant	2,871,787	2,871,787	3,416,549	(544,762)
Food service and non-instructional	1,740,877	1,740,877	1,912,145	(171,268)
Facilities	2,755,802	2,755,802	2,626,650	129,152
Total operating costs	\$ 10,129,510	\$ 10,129,510	\$ 10,957,856	\$ (828,346)
Total education	\$ 40,669,769	\$ 40,669,769	\$ 39,882,603	\$ 787,166
Debt service:				
Principal retirement	\$ -	\$ -	\$ 166,140	\$ (166,140)
Interest and other fiscal charges	-	-	954	(954)
Total debt service	\$ -	\$ -	\$ 167,094	\$ (167,094)
Total Discretely Presented Component Unit - School Board - School Operating Fund	\$ 40,669,769	\$ 40,669,769	\$ 40,049,697	\$ 620,072

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
2022-23	\$ 1,545,777	\$ 1,368,795	\$ 9,010,642	\$ 2,190,557	\$ 4,455,898	\$ 8,168,676	\$ 671,233	\$ 1,260,272	\$ 1,212,851	\$ 227,259	\$ 30,111,960
2021-22	1,340,090	1,247,221	7,475,067	1,792,663	3,772,066	7,138,439	606,344	1,014,611	1,257,346	228,149	25,871,996
2020-21	1,591,139	1,336,335	8,416,494	2,102,031	3,333,505	5,387,904	625,388	1,391,317	1,180,969	210,758	25,575,840
2019-20	1,490,444	1,417,122	8,658,995	1,746,158	3,266,628	7,069,946	576,254	962,521	1,540,816	200,077	26,928,961
2018-19	1,109,138	1,181,361	7,744,249	1,667,628	2,943,181	5,642,790	685,720	953,239	1,486,013	341,401	23,754,720
2017-18	960,130	997,212	6,908,864	1,776,480	2,549,728	6,620,767	612,278	1,018,079	1,310,762	344,782	23,099,082
2016-17	949,882	937,298	6,675,438	2,083,874	2,449,863	6,243,278	543,517	910,975	1,377,032	360,251	22,531,408
2015-16	1,150,083	848,242	5,932,773	1,901,509	2,099,216	5,729,488	561,566	593,301	1,478,026	343,929	20,638,133
2014-15	1,343,304	800,448	5,852,643	1,475,097	1,804,644	5,593,639	507,656	894,400	2,022,846	344,843	20,639,520
2013-14	1,579,706	727,953	6,082,736	1,453,885	1,720,817	8,748,911	469,479	573,776	1,701,434	801,491	23,860,188

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous (1)	Grants and Contributions Not Restricted to Specific Programs		
2022-23	\$ 952,008	\$ 8,214,357	\$ 462,790	\$	16,375,281	\$ 5,266,173	\$ 478,562	\$ 410,825	\$ 1,174,642	\$ 33,334,638	
2021-22	1,072,999	7,262,484	3,263		15,302,307	5,323,716	23,154	542,804	1,176,435	30,707,162	
2020-21	785,290	8,837,980	-		14,603,190	3,577,053	26,172	317,355	1,201,825	29,348,865	
2019-20	764,961	5,839,458	17,652		14,532,637	2,785,240	48,189	198,114	1,266,399	25,452,650	
2018-19	782,916	5,271,790	600		13,638,445	2,630,959	53,353	88,385	1,284,487	23,750,935	
2017-18	641,165	4,994,023	-		12,395,028	2,580,028	45,120	92,938	1,317,641	22,065,943	
2016-17	521,333	4,728,635	317,356		12,317,668	2,540,893	44,175	87,220	1,303,435	21,860,715	
2015-16	510,411	4,580,269	-		11,944,860	2,495,653	28,471	59,879	1,256,329	20,875,872	
2014-15	537,931	4,151,843	-		11,558,092	2,397,795	21,797	150,626	1,226,231	20,044,315	
2013-14	526,899	4,127,970	117,953		11,252,512	2,228,527	30,930	1,548,947	1,260,137	21,093,875	

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

Table 3

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

Fiscal Year	General Government Administration			Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural				Community Development	Non-departmental	Capital Projects	Debt Service	Total						
								Education (2)														
2022-23	\$	2,000,302	\$	1,415,337	\$	9,955,451	\$	4,562,988	\$	41,070,687	\$	643,037	\$	1,390,238	\$	-	\$	152,415	\$	2,907,203	\$	66,063,799
2021-22		1,661,445		1,247,700		8,330,501		3,767,388		36,664,949		557,735		1,116,995		21,000		35,438		2,854,438		57,908,146
2020-21		1,672,637		1,269,756		8,554,950		3,214,619		29,379,915		535,378		1,348,752		264,006		79,948		2,816,673		51,087,744
2019-20		1,722,099		1,249,062		7,860,618		2,988,596		26,777,605		508,802		872,151		-		140,619		2,521,180		46,159,890
2018-19		1,441,172		1,139,437		7,556,037		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		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		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		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		1,844,185		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		1,695,066		25,167,398		482,503		630,345		-		-		3,015,908		40,816,540

(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	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
2022-23	\$ 16,348,016	\$ 5,266,173	\$ 119,548	\$ 21,981	\$ 509,912	\$ 794,954	\$ 1,905,333	\$ 1,461,084	\$ 41,981,342	\$ 68,408,343
2021-22	15,282,528	5,323,716	112,163	28,594	34,990	888,625	1,510,796	1,561,213	37,336,271	62,078,896
2020-21	14,651,305	3,577,053	88,880	37,064	26,431	589,039	1,164,993	1,338,969	34,112,674	55,586,408
2019-20	14,542,405	2,785,240	72,788	20,401	49,985	688,483	564,360	1,144,119	28,852,377	48,720,158
2018-19	13,685,589	2,630,959	68,349	28,190	55,639	891,321	675,954	952,745	28,281,222	47,269,968
2017-18	12,358,878	2,580,028	80,507	20,530	47,105	754,450	651,297	1,056,966	27,586,403	45,136,164
2016-17	12,298,113	2,540,893	64,790	27,388	47,643	733,652	758,108	1,035,402	27,802,489	45,308,478
2015-16	11,995,394	2,495,653	54,022	24,692	40,740	742,466	383,219	856,738	27,112,367	43,705,291
2014-15	11,501,012	2,397,795	66,183	17,507	28,718	1,117,325	267,955	1,254,924	26,466,051	43,117,470
2013-14	11,378,490	2,228,527	81,031	18,892	33,409	1,102,511	160,715	1,136,560	24,688,399	40,828,534

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1) Percent of Delinquent Taxes to Tax Levy
2022-23	\$ 16,319,450	\$ 15,577,496	95.45%	\$ 525,178	\$ 16,102,674	98.67%	\$ 1,227,968 7.52%
2021-22	15,086,103	14,399,756	95.45%	628,326	15,028,082	99.62%	1,048,037 6.95%
2020-21	14,322,856	13,705,229	95.69%	668,817	14,374,046	100.36%	1,051,565 7.34%
2019-20	14,179,998	13,611,223	95.99%	691,110	14,302,333	100.86%	1,164,593 8.21%
2018-19	13,358,254	12,869,209	96.34%	565,543	13,434,752	100.57%	1,126,781 8.44%
2017-18	12,150,109	11,614,909	95.60%	516,022	12,130,931	99.84%	1,074,666 8.84%
2016-17	12,058,405	11,605,386	96.24%	468,689	12,074,075	100.13%	1,057,435 8.77%
2015-16	11,742,587	11,293,278	96.17%	488,812	11,782,090	100.34%	1,011,140 8.61%
2014-15	11,308,370	11,052,086	97.73%	260,125	11,312,211	100.03%	1,066,079 9.43%
2013-14	11,213,531	10,885,053	97.07%	301,174	11,186,227	99.76%	1,034,713 9.23%

(1) Exclusive of penalties and interest.

(2) Exclusive of land redemptions.

Table 6

County of Patrick, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (3)	Personal Property and Mobile Homes (3)	Machinery and Tools (3)	Public Utility (2), (4) Real Estate and Personal Property	Total
2022-23	\$ 1,618,762,300	\$ 237,660,769	\$ 48,279,707	\$ 78,488,844	\$ 1,983,191,620
2021-22	1,607,962,200	200,813,112	37,099,657	80,534,559	1,926,409,528
2020-21	1,595,935,950	187,775,181	38,629,724	81,559,947	1,903,900,802
2019-20	1,585,562,750	184,787,026	40,593,034	72,310,995	1,883,253,805
2018-19	1,577,743,350	180,371,173	40,999,490	110,107,807	1,909,221,820
2017-18	1,569,230,400	178,595,077	37,324,141	76,804,155	1,861,953,773
2016-17	1,563,661,350	173,386,314	38,492,368	78,496,926	1,854,036,958
2015-16	1,560,070,500	167,955,144	38,455,812	81,109,560	1,847,591,016
2014-15	1,655,322,650	166,685,416	34,927,504	75,872,248	1,932,807,818
2013-14	1,747,596,250	164,524,594	35,330,203	73,199,458	2,020,650,505

(1) Assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

(3) Assessed values are established by the local Commissioner of the Revenue.

(3) Fiscal year 2019 was the first year of half year real estate collections leading to 3 halves assessed.

Table 7

**County of Patrick, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Home
2022-23	\$ 0.73	\$ 1.71	\$ 1.71	\$ 0.73
2021-22	0.68/0.73	1.71	1.71	0.68
2020-21	0.68	1.71	1.71	0.68
2019-20	0.68	1.71	1.71	0.68
2018-19	0.57/0.68	1.71	1.71	0.57
2017-18	0.57	1.71	1.71	0.57
2016-17	0.57	1.71	1.71	0.57
2015-16	0.55/0.57	1.71	1.71	0.55
2014-15	0.48/0.55	1.71	1.71	0.48
2013-14	0.48	1.71	1.71	0.48

(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
2022-23	17,608	\$ 1,983,192	\$ 29,700,167	\$ 29,700,167	1.50%	\$ 1,687
2021-22	17,608	1,926,410	31,120,937	31,120,937	1.62%	1,767
2020-21	17,608	1,903,901	32,480,773	32,480,773	1.71%	1,845
2019-20	18,490	1,883,254	33,713,220	33,713,220	1.79%	1,823
2018-19	18,490	1,909,222	34,572,103	34,572,103	1.81%	1,870
2017-18	18,490	1,861,954	33,500,213	33,500,213	1.80%	1,812
2016-17	18,490	1,854,037	34,214,440	34,214,440	1.85%	1,850
2015-16	18,490	1,847,591	33,993,424	33,993,424	1.84%	1,838
2014-15	18,490	1,932,808	31,959,054	31,959,054	1.65%	1,728
2013-14	18,490	2,020,651	32,636,386	32,636,386	1.62%	1,765

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2022-23	\$ 1,445,618	\$ 1,294,491	\$ 2,740,109	\$ 66,063,799	4.15%
2021-22	1,486,987	1,347,273	2,834,260	57,908,146	4.89%
2020-21	1,302,911	1,399,276	2,702,187	51,087,744	5.29%
2019-20	929,347	1,477,347	2,406,694	46,159,890	5.21%
2018-19	1,346,986	1,557,704	2,904,690	50,790,329	5.72%
2017-18	1,295,107	907,880	2,202,987	46,545,352	4.73%
2016-17	1,105,697	1,469,902	2,575,599	45,669,968	5.64%
2015-16	885,171	1,687,789	2,572,960	43,893,421	5.86%
2014-15	1,265,923	1,719,316	2,985,239	44,202,843	6.75%
2013-14	1,290,577	1,725,331	3,015,908	40,816,540	7.39%

(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, the aggregate 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, 2023, 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 January 19, 2024. Our report includes a reference to other auditors who audited the financial statements of the Patrick County School Activity Fund, as described in our report on the County of Patrick, Virginia's financial statements. This report does not include results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Patrick, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

County of Patrick, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of Patrick, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Patrick, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Blacksburg, Virginia
January 19, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Patrick, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Patrick, Virginia's major federal programs for the year ended June 30, 2023. The County of Patrick, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Patrick, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Famer, Cox Associates

Blacksburg, Virginia
January 19, 2024

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Page 1 of 2

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400122, 0400123	\$ 186,469
Child Care and Development Fund Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122, 0760123	42,762
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950122, 0950221, 0960122	22,728
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122, 0500123	708
Low-Income Home Energy Assistance	93.568	0600422, 0600423	36,862
COVID-19 Elder Abuse Prevention Interventions Program	93.747	8000321	5,664
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122	346
Foster Care - Title IV-E	93.658	1100122, 1100123	242,429
Adoption Assistance	93.659	1120122, 1120123	213,018
Title IV-E Prevention Program	93.472	1140122, 1140123	3,200
Social Services Block Grant	93.667	1000122, 1000123	189,691
Guardianship Assistance	93.090	1110122, 1110123	11,311
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9150122	1,589
Children's Health Insurance Program	93.767	0540122, 0540123	1,647
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122, 1200123	184,994
Total Department of Health and Human Services			\$ 1,143,418
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Education:			
School Breakfast Program	10.553	APE40253	\$ 518,192
Summer Food Service Program for Children	10.559	APE60302	21,038
National School Lunch Program	10.555	APE40254, APE41108	1,064,892
Department of Agriculture:			
Food Distribution (Note 3)	10.555	Not available	163,346 1,228,238
Total Child Nutrition Cluster			\$ 1,767,468
Child And Adult Care Food Program	10.558	APE70027	5,349
Pandemic EBT Administrative Costs	10.649	DOE86556	3,135
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122, 0010123 0040122, 0040123	358,554
Total Department of Agriculture			\$ 2,134,506
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	20V2GX0048	\$ 48,158
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG00258MUMU	22,911
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141	37,918
Violence Against Women Formula Grants	16.588	15JOVW22GG00455STOP	40,000
Total Department of Justice			\$ 148,987
Department of Treasury:			
Direct payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	\$ 981,145
Pass Through Payments:			
Virginia Department of Social Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	9122222	1,786
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	APE60054, APE45277	700,434
Total Department of Treasury			\$ 1,683,365
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FOP-2022-52088-22088, FSC-2022-52209-22209, BPT-2023-53186-23186	\$ 21,555
Alcohol Open Container Requirements	20.607	154AL-2022-52086-22086, ENF_AL-2023-53180-23180	15,165
Total Department of Transportation			\$ 36,720

County of Patrick, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Page 2 of 2

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Franklin County, Virginia School Board:			
Adult Education - Basic Grants to States	84.002	APE42801	\$ 33,067
Virginia Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	APE43071	\$ 648,312
COVID-19 Special Education Grants to States	84.027	APE40287	50,000 \$ 698,312
Special Education - Preschool Grants	84.173	APE62521	13,559
Total Special Education Cluster			711,871
Title I: Grants to Local Educational Agencies	84.010	APE42901	885,880
Career and Technical Education-Basic Grants to States	84.048	APE60031	53,829
Rural Education	84.358	APE43481	102,837
Supporting Effective Instruction State Grant	84.367	APE61480	114,613
Student Support and Academic Enrichment	84.424	APE60281	118,529
Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief Fund	84.425C	APE45278	1,841
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE50185/50195/60173 APE41112/45278/50175/50183 /50189/50193	680,744
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U		2,123,630
			2,806,215
Total Department of Education			\$ 4,826,841
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii	14.228	HCD50790	\$ 57,014
Total Expenditures of Federal Awards			\$ 10,030,851

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, 2023. 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, 2023, the School Board had \$94,388 in food commodities inventory.

Note 4 -- Subrecipients:

The County did not have any subrecipients during fiscal year 2023.

Note 5 -- Relationship to the Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,830,663
Less: Payment in lieu of taxes	(24,758)
Less: Interest subsidy	(78,281)

Total primary government	\$ 2,727,624
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Component Unit School Board:

School Operating Fund	\$ 7,303,227
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Total component unit school board	\$ 7,303,227
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Total federal expenditures per basic financial statements	\$ 10,030,851
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County of Patrick, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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?	Yes

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:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I Grants to Local Agencies
84.425	COVID-19 Education Stabilization Fund

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

Section II - Financial Statement Findings

<u>2023-001</u>	<u>Material Noncompliance</u>
Criteria:	The School Board is required to make purchases in accordance with the Virginia Public Procurement Act of the <u>Code of Virginia</u> .
Condition:	The School Board paid one vendor \$286,301 for painting services that were not properly procured through a bid or quote process.
Cause of Condition:	The School Board incurred staffing turnover in the Maintenance department and proper purchasing procedures were overlooked.
Effect of Condition:	The School Board may not be in compliance with the Virginia Public Procurement Act.
Recommendation:	We recommend the School Board centralize and formalize purchasing practices and procedures to reduce the risk of noncompliance in the future.
Management's Response:	The School Board will centralize and formalize purchasing practices and procedures to reduce the risk of noncompliance in the future. Further, the Superintendent will remind staff on the requirements of the Virginia Public Procurement Act.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings to report.

County of Patrick, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

There were no prior year findings.