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# COUNTY OF PATRICK, VIRGINIA

AUDIT PRESENTATION  
FOR THE YEAR ENDED JUNE 30, 2023  
FEBRUARY 12, 2024



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# OVERVIEW OF AUDIT RESULTS & EXPLANATION OF FINANCIAL STATEMENTS

1. Independent Auditors' Report – opinion on the financial statements; the County received an unmodified opinion
2. Management's Discussion & Analysis – brief summary of the overall financial picture prepared by the County staff; includes good comparative data
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# REPORTED FINDINGS AND SIGNIFICANT RECOMMENDATIONS

1. State noncompliance finding regarding school painting procurement
2. No other findings/qualifications issued
3. Other recommendations provided in separate letter

# 5-YEAR TREND INFORMATION – GOVERNMENT WIDE

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<i>Compounded Annual Growth Rate</i>
<b>Primary Government Total</b>						
Current Asset (excluding property tax receivable)	\$ 8,067,080	\$ 10,698,910	\$ 15,234,258	\$ 21,054,236	\$ 23,165,269	
Property Tax Receivable	5,015,698	4,956,364	4,760,566	5,373,001	5,408,735	
Non-Current Assets	46,101,728	43,258,530	42,053,522	40,747,592	39,591,764	
Total Assets	\$ 59,184,506	\$ 58,913,804	\$ 62,048,346	\$ 67,174,829	\$ 68,165,768	3.60%
Deferred Outflows of Resources	\$ 3,730,670	\$ 4,524,758	\$ 4,721,489	\$ 4,194,454	\$ 3,742,234	
Current Liabilities	\$ 3,072,818	\$ 5,074,909	\$ 5,237,658	\$ 6,488,407	\$ 6,010,158	
Non-Current Liabilities	40,013,755	40,063,785	39,767,389	33,674,592	33,716,061	
Total Liabilities	\$ 43,086,573	\$ 45,138,694	\$ 45,005,047	\$ 40,162,999	\$ 39,726,219	-2.01%
Deferred Inflows of Resources	\$ 5,731,135	\$ 5,678,711	\$ 5,496,691	\$ 10,103,021	\$ 7,855,842	
Net Investment in Capital Assets	\$ 11,449,069	\$ 9,614,724	\$ 9,784,882	\$ 9,878,106	\$ 10,056,717	
Restricted	111,993	266,782	401,785	1,742,485	3,012,044	
Unrestricted	2,536,406	2,739,651	6,081,430	9,482,672	11,257,180	45.15%
Total Net Position	\$ 14,097,468	\$ 12,621,157	\$ 16,268,097	\$ 21,103,263	\$ 24,325,941	14.61%
Current Ratio	2.63	2.11	2.91	3.24	3.85	

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

# 5-YEAR TREND INFORMATION – GENERAL FUND

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<i>Compounded Annual Growth Rate</i>
Revenues:						
General property taxes	\$ 13,685,589	\$ 14,542,405	\$ 14,651,305	\$ 15,282,528	\$ 16,348,016	4.54%
Other local taxes	2,630,959	2,785,240	3,577,053	5,323,716	5,266,173	
Permits, privilege fees, and regulatory licenses	68,349	72,788	88,880	112,163	119,548	
Fines and forfeitures	28,190	20,401	37,064	28,594	21,981	
Revenue from the use of money and property	51,894	47,465	25,930	33,799	489,440	
Charges for services	551,942	558,090	538,435	795,317	697,792	
Miscellaneous	88,385	198,114	317,355	171,033	492,504	
Recovered costs	819,194	919,236	1,022,770	1,459,903	1,275,644	
Intergovernmental revenues	6,545,977	6,931,765	9,996,723	8,426,650	9,819,671	10.67%
Total revenues	24,470,479	26,075,504	30,255,515	31,633,703	34,530,769	8.99%

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

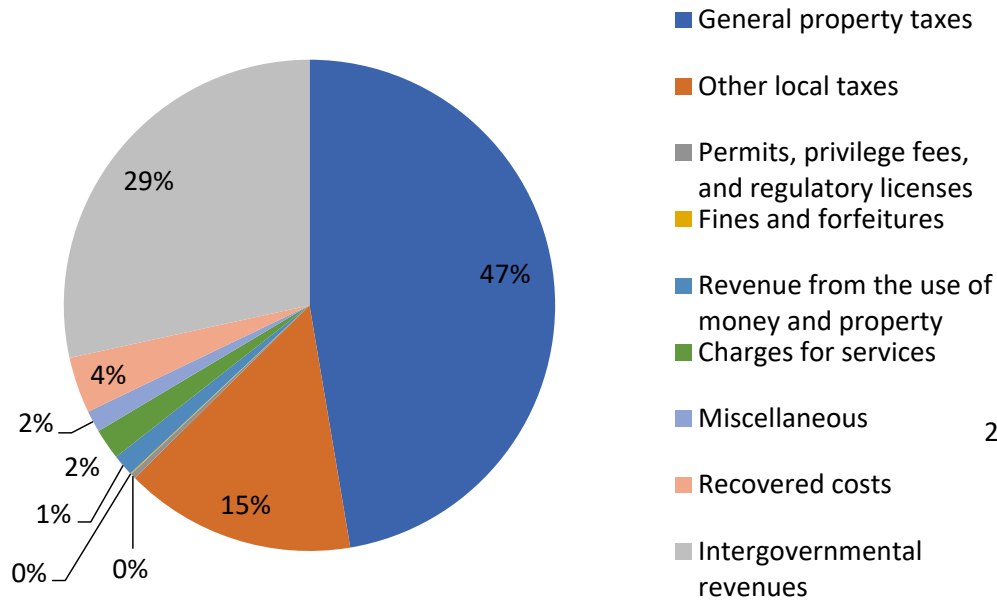
# 5-YEAR TREND INFORMATION – GENERAL FUND

## (CONT'D)

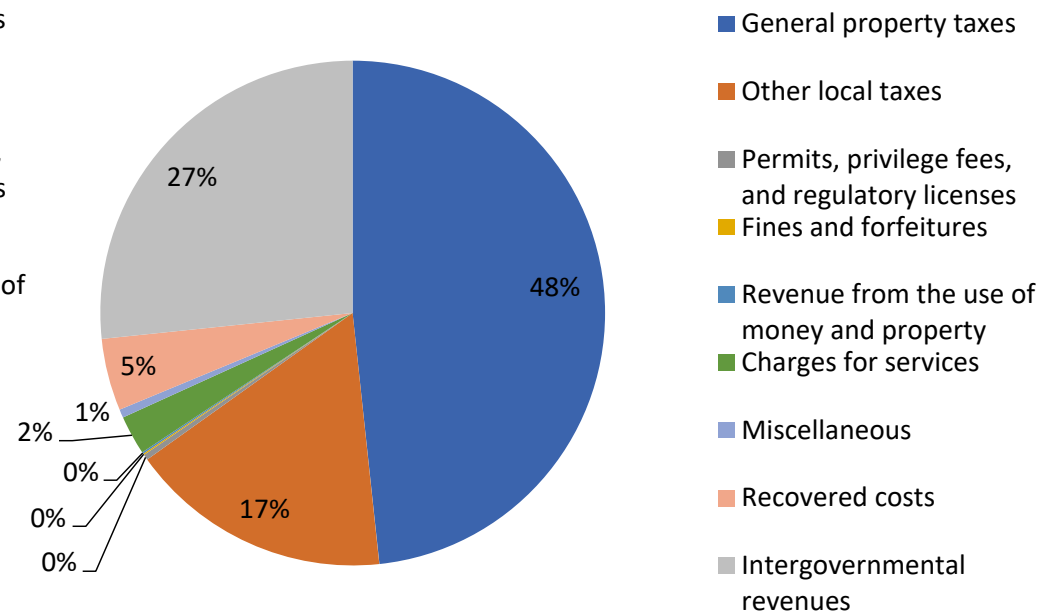
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<i>Compounded Annual Growth Rate</i>
Expenditures						
General government administration	1,441,172	1,722,099	1,672,637	1,661,445	2,000,302	8.54%
Judicial administration	1,139,437	1,249,062	1,269,756	1,247,700	1,415,337	5.57%
Public safety	7,536,155	7,795,372	8,551,024	8,327,673	9,933,893	7.15%
Public works	1,512,428	1,519,158	1,951,110	1,650,557	1,966,141	6.78%
Health and welfare	2,891,408	2,988,596	3,214,619	3,767,388	4,562,988	12.08%
Education	4,691,554	4,767,759	4,550,396	6,300,931	7,331,168	11.81%
Parks, recreation, and cultural	513,155	508,802	535,378	557,735	643,037	5.80%
Community development	927,193	872,151	1,348,752	1,116,995	1,390,238	10.66%
Nondepartmental	-	-	264,006	21,000	-	
Total operating expenditures	20,652,502	21,422,999	23,357,678	24,651,424	29,243,104	9.08%
Capital projects	268,442	140,619	79,948	35,438	152,415	
Debt service:						
Principal retirement	6,787,148	2,406,694	2,702,187	2,834,260	1,445,618	
Interest and other fiscal charges	-	-	-	-	1,294,491	
Total Debt Service	6,787,148	2,406,694	2,702,187	2,834,260	2,740,109	-20.29%
Total Expenditures	27,708,092	23,970,312	26,139,813	27,521,122	32,135,628	3.78%

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

## General Fund Revenues for Fiscal Year 2023

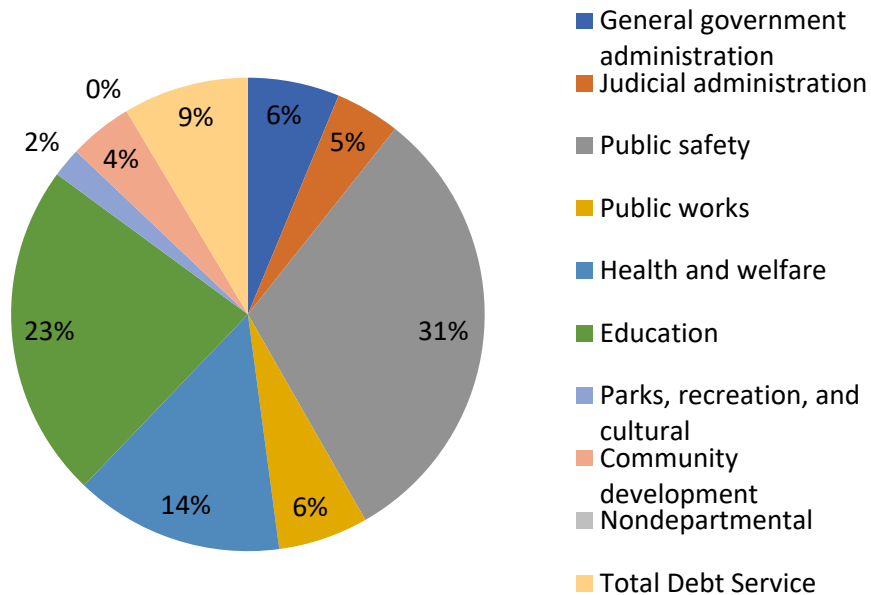


## General Fund Revenues for Fiscal Year 2022

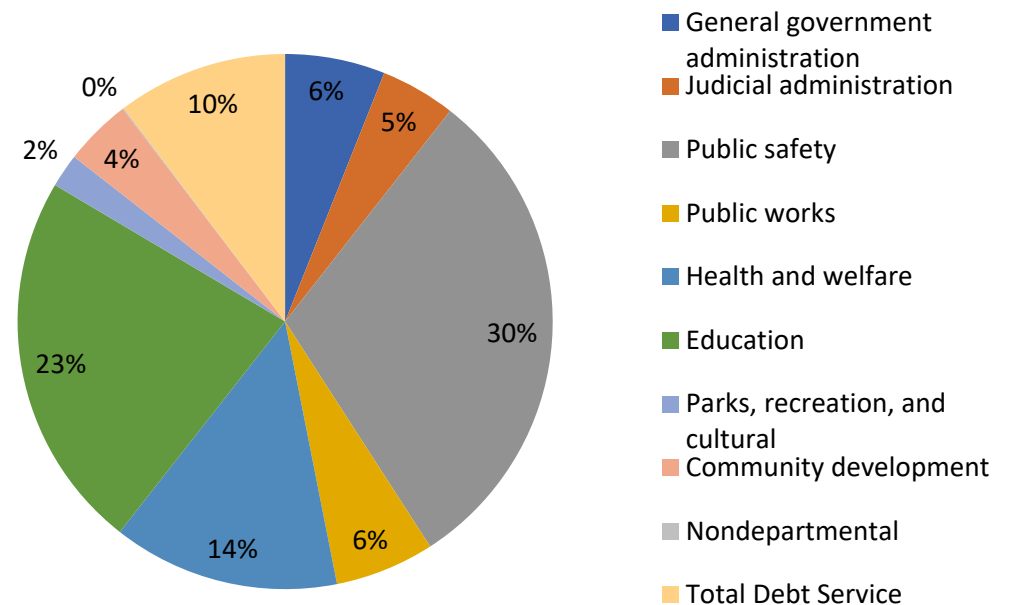




## General Fund Operating & Debt Expenditures for Fiscal Year 2023



## General Fund Operating & Debt Expenditures for Fiscal Year 2022



# REVIEW OF COUNTY RESERVES

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<i>Compounded Annual Growth Rate</i>
Ending General Fund Balance	\$ 5,863,079	\$ 7,298,198	\$ 10,981,182	\$ 15,246,791	\$ 17,720,585	
Ending General Fund Cash Balance	\$ 5,440,868	\$ 7,933,424	\$ 11,269,141	\$ 16,345,418	\$ 18,828,478	
Total County operating expenditures (includes debt)	\$ 27,439,650	\$ 23,829,693	\$ 26,059,865	\$ 27,485,684	\$ 31,983,213	
School Board operating expenditures	27,736,587	26,874,769	29,477,401	35,662,684	41,227,781	10.42%
Transfer to School Board shown in County expenditures	(4,674,232)	(4,750,437)	(4,533,396)	(6,283,931)	(7,321,168)	11.87%
Net Government Operating Expenditures	\$ 50,502,005	\$ 45,954,025	\$ 51,003,870	\$ 56,864,437	\$ 65,889,826	6.88%
Ending Fund Balance as a % of Operating Expenditures	11.61%	15.88%	21.53%	26.81%	26.89%	
Ending Cash Balance as a % of Operating Expenditures	10.77%	17.26%	22.09%	28.74%	28.58%	
Unassigned Fund Balance	4,924,895	6,411,718	9,896,194	12,945,484	14,275,153	30.48%
Ending Unassigned FB as a % of Operating Expenditures	9.75%	13.95%	19.40%	22.77%	21.67%	22.09%

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

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



# REVIEW OF COUNTY DEBT BALANCES

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<i>Compounded Annual Growth Rate</i>
<b>General Long-term Obligations</b>						
General Obligation Debt	\$ 22,646,103	\$ 21,982,220	\$ 21,057,773	\$ 20,092,937	\$ 19,082,167	-4.19%
Deferred Items	1,904,657	1,723,376	1,549,346	1,383,404	1,226,507	
Literary Loans	960,000	765,000	645,000	525,000	450,000	
Lease Revenue Notes	10,966,000	10,966,000	10,778,000	10,503,000	10,168,000	
Net Pension Liability	3,308,584	4,730,533	6,041,253	1,676,804	3,072,875	-1.83%
Other Long-term Obligations	1,898,472	1,943,602	1,861,141	1,579,384	1,988,773	
County Long-term Obligations	\$ 41,683,816	\$ 42,110,731	\$ 41,932,513	\$ 35,760,529	\$ 35,988,322	-3.61%
<b>School Long-term Obligations</b>						
Net Pension Liability	19,368,868	20,466,672	22,147,866	11,226,215	13,771,546	-8.17%
Net OPEB Liabilities	6,210,504	6,591,185	6,491,750	5,957,208	7,085,201	
Other Long-term Obligations	778,018	693,084	583,728	521,930	504,480	
School Long-term Obligations	\$ 26,357,390	\$ 27,750,941	\$ 29,223,344	\$ 17,705,353	\$ 21,361,227	-5.12%
Total Long-term Obligations	\$ 68,041,206	\$ 69,861,672	\$ 71,155,857	\$ 53,465,882	\$ 57,349,549	-4.18%
Population (census or APA estimate)	17,790	17,790	17,608	17,608	17,608	
Debt per capita	\$ 3,825	\$ 3,927	\$ 4,041	\$ 3,036	\$ 3,257	
State Averages	\$ 3,991	\$ 4,222	\$ 4,501	\$ 3,766	\$ 3,766	

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

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# SIGNIFICANT ESTIMATE – VIRGINIA RETIREMENT SYSTEM NET PENSION LIABILITY

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

	Discount Rate		
	(5.75%)	(6.75%)	(7.75%)
Virginia Retirement System Plan			
County's net pension liability (asset)	\$ 7,503,204	\$ 3,072,875	\$ (545,323)
School Board's net pension liability (asset) (Teachers Pool)	\$ 24,597,035	\$ 13,771,546	\$ 4,957,217
School Board's net pension liability (asset) (Non-professional employees)	\$ 807,155	\$ (104,404)	\$ (861,424)

-The County and School Board will present a net pension asset or liability for the difference between investments held in trust and the present value of projected pension benefits owed. Normally, the reported net pension asset or liability will be based on an actuarial valuation from the prior fiscal year. (i.e. net pension assets and liabilities reported at June 30, 2022 were based on measurement at June 30, 2021).

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

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

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

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



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# UPCOMING STANDARDS FROM GASB

1. Statement No. 99, *Omnibus 2022*, addresses (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 for fiscal years beginning after June 15, 2023.
2. Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting change and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.
3. Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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# QUESTIONS?

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



# ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

Date: January 18, 2024

Memorandum to: Beth Simms, County Administrator

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of County of Patrick, Virginia for the year ended June 30, 2023, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

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

## **County:**

### **Integrated Accounting Software**

We recommend the County consider working toward implementing an integrated accounting software. Centralized accounting software would provide for efficiencies in the manual accounting reconciliation processes of several departments, reduce potential human error, and provide efficiencies such as real-time data.

### **Conflict of Interest Forms**

During our review of the required annual forms, we noted that several Board members skipped questions on the forms. We recommend all required forms be completed thoroughly, timely, and submitted to the clerk for audit purposes.

### **Credit Card Purchases**

During our audit of credit card purchases, we noted several missing receipts. We recommend all credit card purchases be supported with itemized detail receipts.

## **School Board:**

### **Conflict of Interest Forms**

During our review of the required annual forms, we noted that one of the Board members skipped questions on the form. We recommend all required forms be completed thoroughly, timely, and submitted to the clerk for audit purposes.

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## **School Board: (Continued)**

### **Invoice Documentation for Significant Purchases**

During our audit of capital and other significant purchases, we found that the payments to Hiatt Construction and Dale Harrison did not include the normal amount of detail. We would expect the detailed invoices to include supplies/equipment used, hours charged, or other details to sufficiently identify the cost of each portion of the projects.

### **Procurement**

During our audit of procurement compliance with the Code of Virginia, we noted that the School Board waived the performance and payment bonds related to the central office construction project. While we acknowledge that waiving these bonds provided for savings in the project they are still required by the Code of Virginia.

## **Sheriff:**

### **Jail Inmate Account**

During our test of disbursements from the jail inmate account, we noted that several release payments were not supported by an inmate signature or an officer signature for approval. We recommend all payments including loaded debit cards include these items as required in the Sheriff Manual.

### **Medical Co-payments**

During our test of medical co-payment charges to inmates, we found that the documentation supporting charges was not from recent transactions. It appears that prescription charges are documented with an initial charge paperwork and not updated for each renewal and refill. We recommend the Jail work to obtain current receipt documentation for each charge.

## **Social Services:**

### **VIEW Payments**

During our test of VIEW disbursements, we found that several of the payments were not supported by the required VIEW Participant's Activity and Service Plan. We recommend all payments be documented as required, including the corresponding Activity and Service Plan.

### **Accounting Reconciliations**

During our reconciliation of the Social Service accounting records in Thomas Brothers, we noted immaterial variances between the records and the County's expenditures in RDA. We recommend the Social Service office work with the County each month in a timely manner to make sure the expenditures reported in each system agree.

### **Credit Card Purchases**

During our audit of credit card purchases, we noted several missing receipts. We recommend all credit card purchases be supported with itemized detail receipts.





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**Communication with Those Charged with Governance**

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

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Patrick, Virginia for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 23, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Patrick, Virginia are described in Note 1 to the financial statements. As described in Note 24 to the financial statements, County of Patrick, Virginia changed accounting policies by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 24. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

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

*Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

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

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 19, 2024.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### Other Matters

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

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

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

Restriction on Use

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

*Robinson, Famer, Cox Associates*

Blacksburg, Virginia  
January 19, 2024