

COUNTY OF CRAIG, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

**COUNTY OF CRAIG, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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INTRODUCTORY SECTION

COUNTY OF CRAIG, VIRGINIA

BOARD OF SUPERVISORS

Rusty Zimmerman, Vice Chair	Jesse Spence, Chair	Jason Matyas
Keith Dunbar		Carl Bailey

COUNTY SCHOOL BOARD

Darren Gilreath, Vice Chair	Trace Bellassai, Chair	Y. Kevin Altizer
Walter Marsden		Faye Powers
	Jessica Belcher, Clerk	

COUNTY WELFARE BOARD

Susan Dillon, Vice Chair	Malisa Stephens, Chair	Jenette McClanahan
Barbara Charlton		Barbara Davis

OTHER OFFICIALS

Clerk of the Circuit Court	Sharon Oliver
Commonwealth's Attorney	Matt Dunne
Commissioner of the Revenue	Danielle Snider
Treasurer	Jackie M. Parsons
Sheriff	Trevor Craddock
Superintendent of Schools	Dwayne Huff
Director of Social Services	Pat Franklin
County Administrator	R.R. Dan Collins
County Attorney	Mike Bedsaul

FINANCIAL SECTION

Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Craig, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Craig, 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 Craig, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Craig, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Craig, Virginia, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Change in Accounting Principles

As described in Note 20 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Agreements (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 Craig, 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 Craig, 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 Craig, 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 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 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Craig, Virginia's basic financial statements. The accompanying other supplementary information 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. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 November 28, 2023, on our consideration of the County of Craig, 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 Craig, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Craig, Virginia's internal control over financial reporting and compliance.

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

Blacksburg, Virginia
November 28, 2023

Basic Financial Statements

County of Craig, Virginia
Statement of Net Position
June 30, 2023

	Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA
ASSETS			
Cash and cash equivalents	\$ 5,197,692	\$ 514,990	\$ 70,576
Investments	3,450,582	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,909,842	-	-
Accounts receivable	177,336	-	-
Due from component unit	264,506	-	-
Due from other governments	330,032	882,708	-
Prepaid items	-	157,494	-
Restricted assets:			
Cash and cash equivalents	601,098	-	-
Capital assets not being depreciated:			
Land	106,619	79,830	411,566
Construction in progress	-	1,921,876	16,080
Capital assets, net of accumulated depreciation/amortization:			
Buildings and improvements	6,024,767	1,032,696	814,849
Machinery, equipment, and vehicles	562,765	242,085	-
Intangible right-to-use assets:			
Machinery, equipment, and vehicles lease assets	3,517	8,344	-
Buildings and improvements lease assets	735,367	-	-
Subscription assets	-	17,315	-
Total assets	<u>\$ 19,364,123</u>	<u>\$ 4,857,338</u>	<u>\$ 1,313,071</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 376,706	\$ 1,053,603	\$ -
OPEB related items	43,513	124,145	-
Total deferred outflows of resources	<u>\$ 420,219</u>	<u>\$ 1,177,748</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 67,472	\$ 44,982	\$ 1,238
Accounts payable - construction	87,985	606,243	-
Accrued payroll liabilities	-	318,050	-
Accrued interest payable	25,304	-	-
Due to primary government	-	264,506	-
Unearned revenues	1,175,582	-	-
Noncurrent liabilities:			
Due within one year	361,787	68,973	-
Due in more than one year	2,111,945	4,681,622	-
Total liabilities	<u>\$ 3,830,075</u>	<u>\$ 5,984,376</u>	<u>\$ 1,238</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 1,724,177	\$ -	\$ -
Pension related items	286,087	1,110,438	-
OPEB related items	24,220	117,876	-
Total deferred inflows of resources	<u>\$ 2,034,484</u>	<u>\$ 1,228,314</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 5,273,494	\$ 2,688,729	\$ 1,242,495
Restricted:			
School capital projects	546,848	-	-
Opioid	106,445	-	-
Cafeteria	-	66,516	-
Debt service and bond covenants	33,384	-	-
Asset forfeiture	7,089	-	-
Unrestricted	7,952,523	(3,932,849)	69,338
Total net position	<u>\$ 13,919,783</u>	<u>\$ (1,177,604)</u>	<u>\$ 1,311,833</u>

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

County of Craig, Virginia
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues				Primary Government		Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Governm Governmental Activities	Total	School Board	EDA	
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 1,084,436	\$ 212	\$ 249,910	\$ -	\$ -	\$ (834,314)	\$ (834,314)			
Judicial administration	614,929	1,765	463,274	-	-	(149,890)	(149,890)			
Public safety	2,321,033	326,750	768,588	9,600		(1,216,095)	(1,216,095)			
Public works	721,063	14,524	14,024	-		(692,515)	(692,515)			
Health and welfare	1,953,633	35,139	1,482,492	-		(436,002)	(436,002)			
Education	1,729,748	-	-	-		(1,729,748)	(1,729,748)			
Parks, recreation, and cultural	174,326	-	10,762	-		(163,564)	(163,564)			
Community development	73,927	2,364	-	-		(71,563)	(71,563)			
Interest on long-term debt	94,654	-	-	-		(94,654)	(94,654)			
Total primary government	\$ 8,767,749	\$ 380,754	\$ 2,989,050	\$ 9,600		\$ (5,388,345)	\$ (5,388,345)			
COMPONENT UNITS:										
School Board	\$ 8,440,422	\$ 70,731	\$ 7,610,792	\$ 1,290,381				\$ 531,482	\$ -	
EDA	111,104	-	-	-				-	(111,104)	
Total component units	\$ 8,551,526	\$ 70,731	\$ 7,610,792	\$ 1,290,381				\$ 531,482	\$ (111,104)	
General revenues:										
General property taxes						\$ 4,996,839	\$ 4,996,839	\$ -	\$ -	
Other local taxes:										
Local sales and use taxes						296,302	296,302	-	-	
Consumers' utility taxes						117,845	117,845	-	-	
Consumption taxes						12,889	12,889	-	-	
Cigarette taxes						24,958	24,958	-	-	
Franchise license taxes						371	371	-	-	
Recordation tax						26,963	26,963	-	-	
Hotel and motel room taxes						63,999	63,999	-	-	
Restaurant food taxes						103,783	103,783	-	-	
Unrestricted revenues from use of money						60,997	60,997	124	8,753	
Miscellaneous						236,217	236,217	331,174	-	
Contributions from County of Craig						-	-	1,484,493	-	
Grants and contributions not restricted to specific programs						805,110	805,110	-	-	
Total general revenues						\$ 6,746,273	\$ 6,746,273	\$ 1,815,791	\$ 8,753	
Change in net position						1,357,928	\$ 1,357,928	\$ 2,347,273	\$ (102,351)	
Net position - beginning						12,561,855	12,561,855	(3,524,877)	1,414,184	
Net position - ending						\$ 13,919,783	\$ 13,919,783	\$ (1,177,604)	\$ 1,311,833	

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

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

	<u>General</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,365,094	\$ 7,089	\$ 1,825,509	\$ 5,197,692
Investments	3,450,582	-	-	3,450,582
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,909,842	-	-	1,909,842
Accounts receivable	177,336	-	-	177,336
Due from component unit	264,506	-	-	264,506
Due from other governments	330,032	-	-	330,032
Restricted assets:				
Cash and cash equivalents	601,098	-	-	601,098
Total assets	<u>\$ 10,098,490</u>	<u>\$ 7,089</u>	<u>\$ 1,825,509</u>	<u>\$ 11,931,088</u>
LIABILITIES				
Accounts payable	\$ 67,472	\$ -	\$ -	\$ 67,472
Accounts payable - construction	-	-	87,985	87,985
Unearned grant revenue	1,175,582	-	-	1,175,582
Total liabilities	<u>\$ 1,243,054</u>	<u>\$ -</u>	<u>\$ 87,985</u>	<u>\$ 1,331,039</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - opioid revenue	\$ 85,579	\$ -	\$ -	\$ 85,579
Unavailable revenue - property taxes	1,926,669	-	-	1,926,669
Total deferred inflows of resources	<u>\$ 2,012,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,012,248</u>
FUND BALANCE				
Restricted:				
Asset Forfeiture	\$ -	\$ 7,089	\$ -	\$ 7,089
Debt reserve	33,384	-	-	33,384
Opioid abatement	20,866	-	-	20,866
School capital projects	546,848	-	-	546,848
Committed:				
Law library	13,788	-	-	13,788
Courthouse maintenance	10,540	-	-	10,540
School capital projects	-	-	1,025,940	1,025,940
County capital projects	-	-	711,584	711,584
Assigned:				
Memorial	1,010	-	-	1,010
School operations - annual carryover	171,025	-	-	171,025
Unassigned	<u>6,045,727</u>	<u>-</u>	<u>-</u>	<u>6,045,727</u>
Total fund balance	<u>\$ 6,843,188</u>	<u>\$ 7,089</u>	<u>\$ 1,737,524</u>	<u>\$ 8,587,801</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,098,490</u>	<u>\$ 7,089</u>	<u>\$ 1,825,509</u>	<u>\$ 11,931,088</u>

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

County of Craig, 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:

Fund balance per Exhibit 3 - Balance Sheet - Governmental Funds	\$	8,587,801
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	106,619	
Buildings and improvements		6,024,767	
Machinery, equipment, and vehicles		562,765	
Intangible right-to-use lease assets:			
Machinery, equipment, and vehicles		3,517	
Buildings and improvements		<u>735,367</u>	7,433,035

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

Unavailable revenue - opioid settlements	\$	85,579	
Unavailable revenue - property taxes		<u>202,492</u>	\$ 288,071

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

Pension related items	\$	376,706	
OPEB related items		<u>43,513</u>	420,219

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Secured note payable	\$	(36,939)	
Financed purchases		(1,272,739)	
Compensated absences		(164,518)	
Accrued interest payable		(25,304)	
Transfer station closure		(18,387)	
Lease liabilities		(761,878)	
Net OPEB liability		(121,012)	
Net pension liability		<u>(98,259)</u>	(2,499,036)

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

Pension related items	\$	(286,087)	
OPEB related items		<u>(24,220)</u>	<u>(310,307)</u>

Net position of governmental activities	\$	<u><u>13,919,783</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Craig, Virginia
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 4,975,704	\$ -	\$ -	\$ 4,975,704
Other local taxes	647,110	-	-	647,110
Permits, privilege fees, and regulatory licenses	31,248	-	-	31,248
Fines and forfeitures	10,993	-	-	10,993
Revenue from the use of money and property	96,129	7	-	96,136
Charges for services	303,374	-	-	303,374
Miscellaneous	121,285	-	29,353	150,638
Recovered costs	203,859	-	-	203,859
Intergovernmental:				
Commonwealth	2,707,102	195	-	2,707,297
Federal	1,096,463	-	-	1,096,463
Total revenues	<u>\$ 10,193,267</u>	<u>\$ 202</u>	<u>\$ 29,353</u>	<u>\$ 10,222,822</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,100,235	\$ -	\$ -	\$ 1,100,235
Judicial administration	613,423	-	-	613,423
Public safety	2,135,591	50	-	2,135,641
Public works	599,394	-	-	599,394
Health and welfare	1,914,400	-	-	1,914,400
Education	1,314,295	-	-	1,314,295
Parks, recreation, and cultural	49,327	-	-	49,327
Community development	244,280	-	-	244,280
Nondepartmental	55,721	-	-	55,721
Capital projects	9,600	-	228,255	237,855
Debt service:				
Principal retirement	606,904	-	-	606,904
Interest and other fiscal charges	104,227	-	-	104,227
Total expenditures	<u>\$ 8,747,397</u>	<u>\$ 50</u>	<u>\$ 228,255</u>	<u>\$ 8,975,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,445,870</u>	<u>\$ 152</u>	<u>\$ (198,902)</u>	<u>\$ 1,247,120</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 555,778	\$ 555,778
Transfers out	(555,778)	-	-	(555,778)
Sale of capital assets	145,905	-	-	145,905
Total other financing sources (uses)	<u>\$ (409,873)</u>	<u>\$ -</u>	<u>\$ 555,778</u>	<u>\$ 145,905</u>
Net change in fund balance	\$ 1,035,997	\$ 152	\$ 356,876	\$ 1,393,025
Fund balance - beginning	5,807,191	6,937	1,380,648	7,194,776
Fund balance - ending	<u>\$ 6,843,188</u>	<u>\$ 7,089</u>	<u>\$ 1,737,524</u>	<u>\$ 8,587,801</u>

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

County of Craig, Virginia
Reconciliation of Statement of the Revenues,
Expenditures, and Change 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 balance - governmental funds	\$	1,393,025
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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 depreciation expense exceeds capital outlay in the current period.

Capital asset additions	\$ 71,364	
Depreciation expense	<u>(594,153)</u>	(522,789)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(267,235)
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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 - property taxes	\$ 21,135	
Increase (decrease) in unavailable revenue - opioid settlement	<u>85,579</u>	106,714

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

Principal payments:		
General obligation bonds	\$ 297,291	
Lease liabilities	75,833	
Secured notes payable	31,491	
Financed purchases	<u>202,289</u>	606,904

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		179,470
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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	\$ 22,151	
Change in net pension liability and related deferred items	(174,529)	
Change in net OPEB liability and related deferred items	6,136	
Change in accrued interest payable	9,573	
Change in transfer station closure liability	<u>(1,492)</u>	(138,161)

Change in net position of governmental activities	\$	<u>1,357,928</u>
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The notes to the financial statements are an integral part of this statement.

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

	Custodial Funds
	<u>Special Welfare Fund</u>
ASSETS	
Cash and cash equivalents	\$ 22,794
LIABILITIES	
Accounts payable	\$ -
NET POSITION	
Restricted	<u>\$ 22,794</u>

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

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

	Custodial Funds
	Special Welfare Fund
ADDITIONS	
Contributions:	
Donations	\$ 2,590
Miscellaneous	13
Intergovernmental - Social Security payments	30
Total contributions	\$ 2,633
Total additions	\$ 2,633
DEDUCTIONS	
Checks for SS & SSI Recipients	\$ 9,123
Other welfare	9,609
Total deductions	\$ 18,732
 Net increase (decrease) in fiduciary net position	 \$ (16,099)
 Total net position - beginning	 38,893
Total net position - ending	\$ 22,794

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies:

The financial statements of County of Craig, Virginia (“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

The County 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.

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization’s governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present County of Craig, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

The County has no blended component units to be included for the fiscal year ended June 30, 2023.

Discretely Presented Component Units

Craig County School Board - Craig 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 and does not issue a separate financial statement.

Craig County Economic Development Authority - Craig County Economic Development Authority (EDA) encourages and provides financing for economic development in the County. The EDA board members are appointed by the Board of Supervisors. The EDA is fiscally dependent upon the County. The Economic Development Authority is presented as an enterprise fund type. The EDA issues separate financial statements that may be obtained from County of Craig, Virginia.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

A. Financial Reporting Entity (Continued)

Related Organizations - The County is also responsible for appointing the members of the boards of other organizations, however, the County's accountability to these organizations does not extend beyond making the appointments.

Jointly Governed Organizations - The County, the County of Botetourt, and the City of Roanoke participate in supporting the Blue Ridge Community Services Board. For the year ended June 30, 2023, the County contributed \$8,328 to the Community Services Board.

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 report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government is 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 is 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 are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 principal and interest expenditures on general long-term debt, 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.

The County's fiduciary funds are presented in the fund financial statements by type. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

The *Asset Forfeiture Fund* accounts for and reports financial resources that are restricted to expenditure for the County's seized assets. This fund is considered a major special revenue fund.

The *Capital Improvement Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays. This fund is considered a major capital projects fund.

Additionally, the government reports the following fund types:

Fiduciary Funds account for assets held by the County in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which include the Special Welfare Fund. These funds utilize the accrual basis of accounting. Fiduciary Funds are not included in the government-wide financial statements.

The Component Unit School Board reports the following major governmental funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports 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 Craig, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

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

The Component Unit School Board reports a nonmajor special revenue fund for School Activity. This fund reports activities of accounts held at each school and maintained by the school principal.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Budgets and Budgetary Accounting

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1st, the County Administrator submits to the County 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, School Operating Fund, and the School Cafeteria 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 department level for the General Fund and all other funds at the functional level. Only the County Board of Supervisors can change the appropriation by function. The County Administrator is authorized to transfer budgeted amounts within general government activities or departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating and School Cafeteria Funds are 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 30th for all County units. The County's practice is to appropriate capital projects by project.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30th.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2023, there were not any funds/departments that over expended appropriations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Budgets and Budgetary Accounting (continued)

Deficit fund balance

At June 30, 2023, there were no funds with deficit fund balances.

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents/Investments

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. 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 December 5th and June 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

4. 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 \$59,394 at June 30, 2023 and is comprised of property taxes in the amount of \$27,721 and EMS billings in the amount of \$31,673.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance
(Continued)

5. 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.

6. 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.

7. Capital Assets

Capital assets, tangible and intangible, which include property, plant and equipment lease, subscription, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Tangible and intangible property, plant equipment, lease assets, and subscription assets of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery, equipment, and vehicles	4-30
Lease - Building improvements	40
Lease - Machinery, equipment, and vehicles	4-30
Subscription assets	3-5

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

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 accounting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

9. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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. 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." The 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 fund balance - amounts that are not in spendable form (such as inventory and prepaid expenditures) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; 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 fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance
(Continued)

10. 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 Board of Supervisors has authorized the County Administrator to assign fund balance for a specific purpose as approved in the County's fund balance policy.

The County will maintain an unassigned fund balance in the General Fund of 20% of expenditures/operating revenues. The County considers a balance of less than 12% to be cause for concern, barring unusual or deliberate circumstances.

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.

11. 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, represents 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 one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance
(Continued)

11. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents 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 receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

12. Net Position

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

The County's net position is classified as follows:

Net Investment in Capital Assets - This category represents the net value of capital assets (property, plant, and equipment less accumulated depreciation/amortization) reduced by the debt incurred to acquire or construct the asset.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

13. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted net position* and *unrestricted net position* in the 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.

14. 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 and School's Retirement Plan and the additions to/deductions from the County's and School'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.

15. Other Post Employment Benefit (OPEB) Plans

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

16. Leases (Continued)

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 \$5,000, 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 the 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.

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 terms include 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 lease receivable (lessor) or subscription liability.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1—Summary of Significant Accounting Policies: (Continued)

16. Leases (Continued)

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 lease receivable and deferred inflows of resources (lessor) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability, lease receivable, or subscription liability.

Note 2—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).

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s investments as of June 30, 2023 were held in the County’s name by the County’s custodial bank.

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 Maturities (in years)			
Investment Type	Fair Value	Less than 1 year	1-5 years
Local Government Investment Pool (LGIP)	\$ 298,656	\$ 298,656	\$ -
VML/VACO Virginia Investment Pool (VIP)	3,151,926	3,151,926	-
Total	<u>\$ 3,450,582</u>	<u>\$ 3,450,582</u>	<u>\$ -</u>

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities:

The County has not adopted an investment policy for credit risk. The County'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		
	AAAm	AA+f	Total
Local Government Investment Pool (LGIP)	\$ 298,656	\$ -	\$ 298,656
VML/VACO Virginia Investment Pool (VIP)	2,852,226	299,700	3,151,926
Total	\$ 3,150,882	\$ 299,700	\$ 3,450,582

External Investment Pools:

LGIP:

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.

Virginia Investment Pool (VIP):

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of these investments at the net asset value (NAV). The County is limited to two withdrawals per month.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3—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>Commonwealth of Virginia:</u>		
Local sales tax	\$ 50,223	\$ -
State sales tax	-	138,614
Noncategorical aid	12,921	-
Categorical aid - shared expenses	96,283	-
Categorical aid - welfare payments	35,245	-
Categorical aid - CSA funds	69,534	-
Categorical aid - other	8,523	-
<u>Federal Government:</u>		
Categorical aid - welfare payments	56,154	-
Categorical aid - education	-	744,094
Categorical aid - other	1,149	-
	<u> </u>	<u> </u>
Totals	\$ 330,032	\$ 882,708
	<u> </u>	<u> </u>

Note 4—Interfund Transfers and Balances:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 555,778
Capital Improvement Fund	555,778	-
Total	<u>\$ 555,778</u>	<u>\$ 555,778</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 4—Interfund Transfers and Balances: (Continued)

<u>Fund</u>	<u>Primary Government/ Component Unit</u>	<u>Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ 264,506	
Component Unit:		
School Board	\$ -	\$ 264,506

Note 5—Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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 Placements:				
General obligation bonds	\$ 297,291	\$ -	\$ (297,291)	\$ -
Secured notes payable	68,431	-	(31,492)	36,939
Lease liabilities	837,709	-	(75,832)	761,878
Financed purchases	1,475,027	-	(202,288)	1,272,739
Transfer station closure liability	16,895	1,492	-	18,387
Compensated absences	186,669	117,850	(140,002)	164,518
Net pension liability	-	980,551	(882,292)	98,259
Net OPEB liability	106,997	81,429	(67,414)	121,012
Total	\$ 2,989,019	\$ 1,181,322	\$ (1,696,611)	\$ 2,473,732

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Placements</u>		<u>Financed Purchases</u>		<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 32,613	\$ 773	\$ 132,620	\$ 51,055	\$ 73,165	\$ 34,166
2025	4,326	16	88,950	46,831	73,424	30,992
2026	-	-	94,633	43,147	76,728	27,688
2027	-	-	100,555	39,225	80,181	24,235
2028	-	-	106,724	35,056	83,789	20,627
2029-2033	-	-	629,374	103,526	374,591	43,069
2034	-	-	119,883	4,507	-	-
Totals	\$ 36,939	\$ 789	1,272,739	323,347	761,878	180,777

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5—Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue/ Commencement Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Placements:						
<i>Notes Payable:</i>						
Rural Development - secured note payable	3.50%	7/18/2019	8/8/2024	\$ 152,830	\$ 36,939	\$ 32,613
Leases Liabilities:						
County copiers	2.00%	7/1/2021	12/3/2023	\$ 19,921	\$ 2,900	\$ 2,903
Space in Botetourt County Jail	4.50%	7/1/2021	11/29/2033	890,555	758,978	70,262
					\$ 761,878	\$ 73,165
Financed Purchases:						
Financed purchase - equipment	3.120%	7/20/2018	8/1/2023	\$ 458,250	\$ 49,129	\$ 49,129
Financed purchase - building renovations	3.980%	7/20/2018	8/1/2033	568,750	432,350	33,906
Financed purchase - school energy projects	4.223%	12/20/2018	1/1/2034	922,351	791,260	49,585
Total financed purchases					\$ 1,272,739	\$ 132,620
Other Obligations:						
Transfer station closure liability					\$ 18,387	\$ -
Compensated absences					164,518	123,389
Net pension liability					98,259	-
Net OPEB liability					121,012	-
Total other obligations					\$ 402,176	\$ 123,389
Total long-term obligations					\$ 2,473,732	\$ 361,787

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.

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5—Long-Term Obligations: (Continued)

Long-Term Obligations-Component Unit School Board:

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

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Lease liabilities	\$ 24,151	\$ -	\$ (16,977)	\$ 7,174
Subscription liabilities	-	18,782	(18,782)	-
Compensated absences	99,264	57,583	(74,448)	82,399
Net pension liability	3,185,927	3,168,240	(2,473,541)	3,880,626
Net OPEB liabilities	800,068	234,534	(254,206)	780,396
Total	<u>\$ 4,109,410</u>	<u>\$ 3,479,139</u>	<u>\$ (2,837,954)</u>	<u>\$ 4,750,595</u>

Details of long-term obligations:

	Interest Rates	Issue/ Commencement Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Lease Liabilities:</u>						
School Copiers	2.00%	7/1/2021	12/16/2023	\$ 40,791	\$ 7,174	\$ 7,174
<u>Other Obligations:</u>						
Compensated absences					\$ 82,399	\$ 61,799
Net pension liability					3,880,626	-
Net OPEB liability					780,396	-
Total other obligations					<u>\$ 4,743,421</u>	<u>\$ 61,799</u>
Total long-term obligations					<u>\$ 4,750,595</u>	<u>\$ 68,973</u>

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2024	<u>\$ 7,174</u>	<u>\$ 36</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan:

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 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.
- 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, 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.

Note 6—Pension Plan: (continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total 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 CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension 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 pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	46	11
Inactive members:		
Vested inactive members	13	1
Non-vested inactive members	16	4
Inactive members active elsewhere in VRS	17	5
Total inactive members	46	10
Active members	47	16
Total covered employees	139	37

Note 6—Pension Plan: (continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 11.36% 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 \$249,439 and \$239,676 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 7.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Contributions (Continued)

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 Craig County School Board’s nonprofessional employees were \$20,244 and \$27,558 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 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 and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 202, 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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Actuarial Assumptions - General Employees (continued)

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 Improvements:

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:

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

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

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 females set forward 2 years.

Mortality Improvements:

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 changes 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:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

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

All Others (Non-10 Largest) - 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

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.

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 CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 6—Pension Plan: (continued)

Long-term Expected Rate of Return (Continued)

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic 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 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. 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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Discount Rate (Continued)

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/(Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 9,215,849	\$ 9,756,036	\$ (540,187)
Changes for the year:			
Service cost	\$ 265,054	\$ -	\$ 265,054
Interest	620,589	-	620,589
Differences between expected and actual experience	80,732	-	80,732
Assumption changes	-	-	-
Contributions - employer	-	239,677	(239,677)
Contributions - employee	-	102,205	(102,205)
Net investment income	-	(8,068)	8,068
Benefit payments, including refunds of employee contributions	(573,989)	(573,989)	-
Administrative expenses	-	(6,108)	6,108
Other changes	-	223	(223)
Net changes	\$ 392,386	\$ (246,060)	\$ 638,446
Balances at June 30, 2022	\$ 9,608,235	\$ 9,509,976	\$ 98,259

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (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	\$ 2,245,163	\$ 2,294,119	\$ (48,956)
Changes for the year:			
Service cost	\$ 24,108	\$ -	\$ 24,108
Interest	149,690	-	149,690
Differences between expected and actual experience	(68,847)	-	(68,847)
Assumption changes	-	-	-
Contributions - employer	-	27,558	(27,558)
Contributions - employee	-	13,484	(13,484)
Net investment income	-	(1,778)	1,778
Benefit payments, including refunds of employee contributions	(103,276)	(103,276)	-
Administrative expenses	-	(1,440)	1,440
Other changes	-	52	(52)
Net changes	\$ 1,675	\$ (65,400)	\$ 67,075
Balances at June 30, 2022	\$ 2,246,838	\$ 2,228,719	\$ 18,119

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

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

The following presents the net pension liability of the County and Craig County School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Craig County School Board's (nonprofessional) 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 1,205,325	\$ 98,259	\$ (816,138)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 277,739	\$ 18,119	\$ (197,657)

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 \$244,499 and \$(9,884), 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	\$ 83,390	\$ -	\$ -	\$ 51,199
Change in assumptions	43,877	-	17,848	-
Net difference between projected and actual earnings on pension plan investments	-	286,087	-	69,944
Employer contributions subsequent to the measurement date	249,439	-	20,244	-
Total	\$ 376,706	\$ 286,087	\$ 38,092	\$ 121,143

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$249,439 and \$20,244 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2024	\$ (3,373)	\$ (44,736)
2025	(96,004)	(43,436)
2026	(191,155)	(46,019)
2027	131,712	30,896
2028	-	-
Thereafter	-	-

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 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.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Component Unit School Board (Professional) (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding 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 \$632,541 and \$602,627 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 \$3,862,507 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 0.04057% as compared to 0.04167% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$86,004. 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.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Component Unit-School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 266,335
Change in assumptions	364,157	-
Net difference between projected and actual earnings on pension plan investments	-	503,590
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,813	219,370
Employer contributions subsequent to the measurement date	632,541	-
Total	\$ <u>1,015,511</u>	\$ <u>989,295</u>

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

\$632,541 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>	<u>Component Unit School Board (professional)</u>
2024	\$ (196,984)
2025	(224,677)
2026	(388,121)
2027	203,457
2028	-
Thereafter	-

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

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 Improvements:

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 CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (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)	\$	9,520,598
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.

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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 6,898,733	\$ 3,862,507	\$ 1,390,351

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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 (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 376,706	\$ 286,087	\$ 98,259	\$ 244,499	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	38,092	121,143	18,119	(9,884)
School Board Professional	-	-	-	-	1,015,511	989,295	3,862,507	86,004
Totals	<u>\$ 376,706</u>	<u>\$ 286,087</u>	<u>\$ 98,259</u>	<u>\$ 244,499</u>	<u>\$ 1,053,603</u>	<u>\$ 1,110,438</u>	<u>\$ 3,880,626</u>	<u>\$ 76,120</u>

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7—Capital Assets:

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 225,419	\$ -	\$ (118,800)	\$ 106,619
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 10,976,751	\$ -	\$ (194,800)	\$ 10,781,951
Machinery and equipment	2,726,342	71,364	-	2,797,706
Right-to-use lease equipment	890,555	-	-	890,555
Right-to-use lease building and improvements	19,921	-	-	19,921
Total capital assets being depreciated	\$ 14,613,569	\$ 71,364	\$ (194,800)	\$ 14,490,133
Accumulated depreciation:				
Buildings and improvements	\$ (4,524,385)	\$ (279,164)	\$ 46,365	\$ (4,757,184)
Machinery and equipment	(2,003,670)	(231,271)	-	(2,234,941)
Right-to-use lease equipment	(79,308)	(75,880)	-	(155,188)
Right-to-use lease building and improvements	(8,566)	(7,838)	-	(16,404)
Total accumulated depreciation	\$ (6,615,929)	\$ (594,153)	\$ 46,365	\$ (7,163,717)
Total capital assets being depreciated, net	\$ 7,997,640	\$ (522,789)	\$ (148,435)	\$ 7,326,416
Governmental activities capital assets, net	\$ 8,223,059	\$ (522,789)	\$ (267,235)	\$ 7,433,035

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

Governmental Activities:	
General government administration	\$ 42,673
Judicial administration	3,368
Public safety	213,799
Public works	118,049
Health and welfare	25,397
Education	187,198
Parks, recreation, and cultural	3,669
Total depreciation/amortization expense-governmental activities	\$ 594,153

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7—Capital Assets: (Continued)

Discretely Presented Component Unit - School Board

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 79,830	\$ -	\$ -	\$ 79,830
Construction in progress	163,046	1,758,830	-	1,921,876
Total capital assets not being depreciated	<u>\$ 242,876</u>	<u>\$ 1,758,830</u>	<u>\$ -</u>	<u>\$ 2,001,706</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,210,611	\$ -	\$ -	\$ 4,210,611
Machinery and equipment	1,134,205	17,732	(163,488)	988,449
Right-to-use lease equipment	40,791	-	-	40,791
Right-to-use subscription asset	-	18,782	-	18,782
Total capital assets being depreciated	<u>\$ 5,385,607</u>	<u>\$ 36,514</u>	<u>\$ (163,488)</u>	<u>\$ 5,258,633</u>
Accumulated depreciation:				
Buildings and improvements	\$ (3,058,328)	\$ (119,587)	\$ -	\$ (3,177,915)
Machinery and equipment	(791,306)	(74,596)	119,538	(746,364)
Right-to-use lease equipment	(16,940)	(15,507)	-	(32,447)
Right-to-use subscription asset	-	(1,467)	-	(1,467)
Total accumulated depreciation	<u>\$ (3,866,574)</u>	<u>\$ (211,157)</u>	<u>\$ 119,538</u>	<u>\$ (3,958,193)</u>
Total capital assets being depreciated, net	<u>\$ 1,519,033</u>	<u>\$ (174,643)</u>	<u>\$ (43,950)</u>	<u>\$ 1,300,440</u>
Component Unit School Board capital assets, net	<u>\$ 1,761,909</u>	<u>\$ 1,584,187</u>	<u>\$ (43,950)</u>	<u>\$ 3,302,146</u>

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 8—Risk Management:

The County and its Component Unit - 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 its Component Unit - School Board participate 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 its Component Unit - 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 or depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9—Contingent Liabilities:

Federal programs in which the County and 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 programs expenditures, if any, would be immaterial.

Note 10—Surety Bonds:

Primary Government:

<u>Fidelity and Deposit Company of Maryland-Surety:</u>	
Sharon Oliver, Clerk of the Circuit Court	\$ 103,000
Jackie M. Parsons, Treasurer	300,000
Danielle Snider, Commissioner of the Revenue	3,000
Trevor Craddock, Sheriff	30,000
The above constitutional officers' employees-blanket bond	50,000
Board of Supervisors	1,000
 <u>USF&G Insurance Company-Surety:</u>	
Daniel Mayo, Animal Warden	\$ 1,000
R.R. Dan Collins, County Administrator	2,000
Department of Social Services-blanket bond	30,000
 <u>Western Surety Company:</u>	
Department of Social Services-blanket bond	\$ 30,000

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. 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	\$ -	\$ 202,492
2nd half tax assessments due in December 2023	1,638,899	1,638,899
Prepaid property taxes due in December 2023, but paid in advance by taxpayers	85,278	85,278
Total deferred/unavailable revenue	\$ 1,724,177	\$ 1,926,669

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.

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.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

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

Plan Description (continued)

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. The amount is 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. Contributions to the Group Life Insurance Plan from the County were \$12,718 and \$11,804 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Contributions (continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$1,762 and \$1,622 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 \$21,880 and \$20,507 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 \$121,012 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 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 0.01010% as compared to 0.00920% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$9,642. 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 \$16,617 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 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 0.00140% as compared to 0.00140% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of (\$170). 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 CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 \$210,235 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 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 0.01750% as compared to 0.01780% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$1,758. 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	\$ 9,583	\$ 4,855	\$ 1,316	\$ 667	\$ 16,648	\$ 8,434
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,561	-	1,038	-	13,137
Change in assumptions	4,514	11,787	620	1,619	7,841	20,478
Changes in proportion	16,698	17	-	2,184	-	11,694
Employer contributions subsequent to the measurement date	12,718	-	1,762	-	21,880	-
Total	\$ 43,513	\$ 24,220	\$ 3,698	\$ 5,508	\$ 46,369	\$ 53,743

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

\$12,718, \$1,762, and \$21,880 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	\$ 2,917	\$ (992)	\$ (7,776)
2025	1,792	(984)	(6,046)
2026	(2,775)	(1,402)	(12,605)
2027	3,552	(68)	(395)
2028	1,089	(126)	(2,432)
Thereafter	-	-	-

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 as noted below. 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 CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 Improvements:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 years.

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvements:

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 CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 Improvements:

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:

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

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

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
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	\$ 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 the time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and 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 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	\$ 176,086	\$ 121,012	\$ 76,504
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan			
Net OPEB Liability	24,179	16,617	10,505
Component Unit School Board's (professional) proportionate share of the GLI Plan			
Net OPEB Liability	305,917	210,235	132,911

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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-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 Plan 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 Plan (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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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.

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 \$49,026 and \$45,952 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC 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.

Teacher Employee HIC Plan 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 \$508,986 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Plan 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 Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan 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 0.04075% as compared to 0.04162% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$31,343. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC Plan 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 Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,747
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	511
Change in assumptions	14,870	1,300
Change in proportion ate share and differences between actual and expected contributions	1,001	33,036
Employer contributions subsequent to the measurement date	49,026	-
Total	\$ 64,897	\$ 55,594

\$49,026 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. 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	\$ (10,888)
2025	(9,431)
2026	(6,532)
2027	(3,679)
2028	(5,202)
Thereafter	(3,991)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

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 Improvements:
Rates projected generationally with modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13- Teacher Employee 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
Discount Rate	No change

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 are 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	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 the time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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.

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	\$ 573,634	\$ 508,986	\$ 454,187

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14 - 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 CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14 - 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>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>5</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	<u>-</u>
Active members	<u>16</u>
Total covered employees	<u><u>21</u></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 School Board’s contractually required employer contribution rate for the year ended June 30, 2023 was 1.09% 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 School Board to the HIC Plan were \$4,143 and \$3,256 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Net HIC OPEB Liability

The 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 Improvements:

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14 - 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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14 - 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	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 the time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14 - 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 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 HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 45,745	\$ 3,556	\$ 42,189
Changes for the year:			
Service cost	\$ 513	\$ -	\$ 513
Interest	3,059	-	3,059
Benefit changes	-	-	-
Differences between expected and actual experience	(3,887)	3,255	(7,142)
Assumption changes	5,897	-	5,897
Contribution - employer	-	-	-
Net investment income	-	(32)	32
Benefit payments	(1,868)	(1,868)	-
Administrative expenses	-	(10)	10
Other changes	-	-	-
Net changes	\$ 3,714	\$ 1,345	\$ 2,369
Balances at June 30, 2022	\$ 49,459	\$ 4,901	\$ 44,558

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

The following presents the School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board'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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
The School Board's Net HIC OPEB Liability	\$ 46,169	\$ 44,558	\$ 40,573

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 School Board recognized HIC Plan OPEB expense of \$3,889. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,031
Net difference between projected and actual earnings on HIC OPEB plan investments	45	-
Change in assumptions	4,993	-
Employer contributions subsequent to the measurement date	4,143	-
Total	\$ 9,181	\$ 3,031

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14 - 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: (Continued)

\$4,143 reported as deferred outflows of resources related to the HIC OPEB resulting from the 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:

<u>Year Ended June 30</u>		
2023	\$	593
2024		593
2025		521
2026		300
2027		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan 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-LODA (OPEB):

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.

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 VRSA. VRSA 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.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 15-LODA (OPEB): (Continued)

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 VRSA. 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 \$15,914.

Note 16-Summary of Other Post-Employment 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
VRS OPEB Plans:								
GLI Plan (Note 12)								
County	\$ 43,513	\$ 24,220	\$ 121,012	\$ 9,642	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	3,698	5,508	16,617	(170)
School Board Professional	-	-	-	-	46,369	53,743	210,235	1,758
Teacher HIC Plan (Note 13)	-	-	-	-	64,897	55,594	508,986	31,343
HIC Nonprofessional (Note 14)	-	-	-	-	9,181	3,031	44,558	3,889
Totals	<u>\$ 43,513</u>	<u>\$ 24,220</u>	<u>\$ 121,012</u>	<u>\$ 9,642</u>	<u>\$ 124,145</u>	<u>\$ 117,876</u>	<u>\$ 780,396</u>	<u>\$ 36,820</u>

Note 17—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 18—Transfer Station:

The County maintains and operates a transfer station and reports a liability in accordance with State and Federal laws for closure of the transfer station. The County reports an estimated liability of \$18,387 as of June 30, 2023. Closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria", and are subject to revisions by the EPA. Federal and state regulations require owners of municipal landfills and transfer stations to demonstrate financial responsibility for closure care, postclosure care, and corrective costs arising from operations of such facilities. The County has demonstrated financial assurance requirements for closure and postclosure care through submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 19—COVID-19 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. On June 27, 2022 the County received its second share of CSLFRF Funds. 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 \$1,175,582 from both 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 20—Adoption of Accounting Principles:

The County and School Board 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.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 21—Commitments:

At June 30, 2023, the School Board had the following outstanding construction and capital commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
HVAC improvements at Craig schools	\$ 1,704,000	\$ 778,732	\$ 528,656	\$ 46,263
Auditorium renovations at Craig schools	249,915	12,496	-	12,496
Locker room and clinic renovations at Craig schools	427,016	164,920	-	13,795
Radio upgrade project at Craig schools	145,597	50,103	50,103	-
Football field irrigation project at Craig schools	48,000	24,000	24,000	-
Total	\$ 2,574,528	\$ 1,030,251	\$ 602,759	\$ 72,554

Note 22—Upcoming Pronouncements:

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.

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 changes and error corrections. The requirements of this Statement are effective for fiscal years 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 fiscal years 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 Craig, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
General property taxes	\$ 4,470,862	\$ 4,265,262	\$ 4,975,704	\$ 710,442
Other local taxes	627,136	627,136	647,110	19,974
Permits, privilege fees, and regulatory licenses	30,833	31,007	31,248	241
Fines and forfeitures	6,300	6,300	10,993	4,693
Revenue from the use of money and property	40,484	40,484	96,129	55,645
Charges for services	246,024	246,024	303,374	57,350
Miscellaneous	27,973	101,682	121,285	19,603
Recovered costs	245,172	260,730	203,859	(56,871)
Intergovernmental:				
Commonwealth	2,862,632	3,209,352	2,707,102	(502,250)
Federal	1,035,446	1,035,446	1,096,463	61,017
Total revenues	<u>\$ 9,592,862</u>	<u>\$ 9,823,423</u>	<u>\$ 10,193,267</u>	<u>\$ 369,844</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,134,967	\$ 1,172,088	\$ 1,100,235	\$ 71,853
Judicial administration	566,144	629,935	613,423	16,512
Public safety	2,184,391	2,459,704	2,135,591	324,113
Public works	648,175	663,629	599,394	64,235
Health and welfare	2,326,598	2,367,529	1,914,400	453,129
Education	1,837,000	2,025,457	1,314,295	711,162
Parks, recreation, and cultural	44,549	49,935	49,327	608
Community development	318,204	343,314	244,280	99,034
Nondepartmental	112,784	67,831	55,721	12,110
Capital projects	-	996,637	9,600	987,037
Debt service:				
Principal retirement	584,705	584,705	606,904	(22,199)
Interest and other fiscal charges	37,180	37,180	104,227	(67,047)
Total expenditures	<u>\$ 9,794,697</u>	<u>\$ 11,397,944</u>	<u>\$ 8,747,397</u>	<u>\$ 2,650,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (201,835)</u>	<u>\$ (1,574,521)</u>	<u>\$ 1,445,870</u>	<u>\$ 3,020,391</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (555,778)	\$ (555,778)
Sale of capital assets	-	-	145,905	145,905
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (409,873)</u>	<u>\$ (409,873)</u>
Net change in fund balance	<u>\$ (201,835)</u>	<u>\$ (1,574,521)</u>	<u>\$ 1,035,997</u>	<u>\$ 2,610,518</u>
Fund balances - beginning	<u>201,835</u>	<u>1,574,521</u>	<u>5,807,191</u>	<u>4,232,670</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,843,188</u>	<u>\$ 6,843,188</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 7	\$ 7
Intergovernmental:				
Commonwealth	-	195	195	-
Total revenues	\$ -	\$ 195	\$ 202	\$ 7
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 7,132	\$ 50	\$ 7,082
Total expenditures	\$ -	\$ 7,132	\$ 50	\$ 7,082
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (6,937)	\$ 152	\$ 7,089
Net change in fund balance	\$ -	\$ (6,937)	\$ 152	\$ 7,089
Fund balances - beginning	-	10,335	6,937	(3,398)
Fund balances - ending	\$ -	\$ 3,398	\$ 7,089	\$ 3,691

County of Craig, Virginia
Schedule of Changes in Net Pension Liability (Asset) 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	\$ 265,054	\$ 247,839	\$ 276,652	\$ 250,942	\$ 243,484	\$ 210,744	\$ 203,107	\$ 204,611	\$ 204,353
Interest	620,589	556,476	536,145	524,921	503,673	490,171	490,983	464,354	442,058
Changes of assumptions	-	257,917	-	208,309	-	7,806	-	-	-
Differences between expected and actual experience	80,732	195,376	28,573	(77,033)	(37,207)	(97,720)	(245,735)	116,725	-
Benefit payments	(573,989)	(571,703)	(508,638)	(417,602)	(395,194)	(441,058)	(478,837)	(331,733)	(324,060)
Net change in total pension liability	\$ 392,386	\$ 685,905	\$ 332,732	\$ 489,537	\$ 314,756	\$ 169,943	\$ (30,482)	\$ 453,957	\$ 322,351
Total pension liability - beginning	\$ 9,215,849	\$ 8,529,944	\$ 8,197,212	\$ 7,707,675	\$ 7,392,919	\$ 7,222,976	\$ 7,253,458	\$ 6,799,501	\$ 6,477,150
Total pension liability - ending (a)	\$ 9,608,235	\$ 9,215,849	\$ 8,529,944	\$ 8,197,212	\$ 7,707,675	\$ 7,392,919	\$ 7,222,976	\$ 7,253,458	\$ 6,799,501
Plan fiduciary net position									
Contributions - employer	\$ 239,677	\$ 206,669	\$ 231,876	\$ 196,475	\$ 166,660	\$ 157,265	\$ 160,131	\$ 165,490	\$ 126,032
Contributions - employee	102,205	89,566	98,805	83,979	79,741	75,211	68,608	70,729	71,845
Net investment income	(8,068)	2,138,042	151,245	502,431	529,685	795,684	110,571	300,147	905,225
Benefit payments	(573,989)	(571,703)	(508,638)	(417,602)	(395,194)	(441,058)	(478,837)	(331,733)	(324,060)
Administrator charges	(6,108)	(5,446)	(5,213)	(4,996)	(4,606)	(4,711)	(4,299)	(4,142)	(4,941)
Other	223	200	(178)	(317)	(470)	(703)	(48)	(61)	47
Net change in plan fiduciary net position	\$ (246,060)	\$ 1,857,328	\$ (32,103)	\$ 359,970	\$ 375,816	\$ 581,688	\$ (143,874)	\$ 200,430	\$ 774,148
Plan fiduciary net position - beginning	\$ 9,756,036	\$ 7,898,708	\$ 7,930,811	\$ 7,570,841	\$ 7,195,025	\$ 6,613,337	\$ 6,757,211	\$ 6,556,781	\$ 5,782,633
Plan fiduciary net position - ending (b)	\$ 9,509,976	\$ 9,756,036	\$ 7,898,708	\$ 7,930,811	\$ 7,570,841	\$ 7,195,025	\$ 6,613,337	\$ 6,757,211	\$ 6,556,781
County's net pension liability (asset) - ending (a) - (b)	\$ 98,259	\$ (540,187)	\$ 631,236	\$ 266,401	\$ 136,834	\$ 197,894	\$ 609,639	\$ 496,247	\$ 242,720
Plan fiduciary net position as a percentage of the total pension liability	98.98%	105.86%	92.60%	96.75%	98.22%	97.32%	91.56%	93.16%	96.43%
Covered payroll	\$ 2,185,869	\$ 1,898,316	\$ 1,852,006	\$ 1,701,824	\$ 1,640,317	\$ 1,534,935	\$ 1,383,512	\$ 1,424,898	\$ 1,437,339
County's net pension liability as a percentage of covered payroll	4.50%	-28.46%	34.08%	15.65%	8.34%	12.89%	44.06%	34.83%	16.89%

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 Craig, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (Nonprofessional)

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	\$ 24,108	\$ 29,854	\$ 31,304	\$ 27,312	\$ 47,432	\$ 44,753	\$ 55,326	\$ 54,544	\$ 56,017
Interest	149,690	141,713	131,287	125,236	119,763	123,679	124,157	114,416	106,519
Changes of assumptions	-	80,470	-	51,119	-	(40,139)	-	-	-
Differences between expected and actual experience	(68,847)	(40,745)	106,044	48,277	11,521	(81,547)	(111,640)	19,496	-
Benefit payments	(103,276)	(131,167)	(97,188)	(94,887)	(106,168)	(99,209)	(50,123)	(48,491)	(50,930)
Net change in total pension liability	\$ 1,675	\$ 80,125	\$ 171,447	\$ 157,057	\$ 72,548	\$ (52,463)	\$ 17,720	\$ 139,965	\$ 111,606
Total pension liability - beginning	\$ 2,245,163	\$ 2,165,038	\$ 1,993,591	\$ 1,836,534	\$ 1,763,986	\$ 1,816,449	\$ 1,798,729	\$ 1,658,764	\$ 1,547,158
Total pension liability - ending (a)	\$ 2,246,838	\$ 2,245,163	\$ 2,165,038	\$ 1,993,591	\$ 1,836,534	\$ 1,763,986	\$ 1,816,449	\$ 1,798,729	\$ 1,658,764
Plan fiduciary net position									
Contributions - employer	\$ 27,558	\$ 26,853	\$ 30,475	\$ 32,535	\$ 29,539	\$ 30,714	\$ 42,876	\$ 55,133	\$ 45,582
Contributions - employee	13,484	13,523	13,894	14,853	15,429	16,075	16,146	20,837	20,422
Net investment income	(1,778)	508,238	35,862	120,519	129,148	193,426	28,337	69,197	201,832
Benefit payments	(103,276)	(131,167)	(97,188)	(94,887)	(106,168)	(99,209)	(50,123)	(48,491)	(50,930)
Administrator charges	(1,440)	(1,321)	(1,247)	(1,214)	(1,151)	(1,142)	(967)	(904)	(1,065)
Other	52	47	(42)	(76)	(113)	(172)	(12)	(16)	10
Net change in plan fiduciary net position	\$ (65,400)	\$ 416,173	\$ (18,246)	\$ 71,730	\$ 66,684	\$ 139,692	\$ 36,257	\$ 95,756	\$ 215,851
Plan fiduciary net position - beginning	\$ 2,294,119	\$ 1,877,946	\$ 1,896,192	\$ 1,824,462	\$ 1,757,778	\$ 1,618,086	\$ 1,581,829	\$ 1,486,073	\$ 1,270,222
Plan fiduciary net position - ending (b)	\$ 2,228,719	\$ 2,294,119	\$ 1,877,946	\$ 1,896,192	\$ 1,824,462	\$ 1,757,778	\$ 1,618,086	\$ 1,581,829	\$ 1,486,073
School Division's net pension liability (asset) - ending (a) - (b)	\$ 18,119	\$ (48,956)	\$ 287,092	\$ 97,399	\$ 12,072	\$ 6,208	\$ 198,363	\$ 216,900	\$ 172,691
Plan fiduciary net position as a percentage of the total pension liability	99.19%	102.18%	86.74%	95.11%	99.34%	99.65%	89.08%	87.94%	89.59%
Covered payroll	\$ 298,672	\$ 285,897	\$ 294,418	\$ 309,022	\$ 317,794	\$ 327,803	\$ 324,831	\$ 416,726	\$ 408,442
School Division's net pension liability as a percentage of covered payroll	6.07%	-17.12%	97.51%	31.52%	3.80%	1.89%	61.07%	52.05%	42.28%

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

Date (1)	Employer's	Employer's	Employer's	Employer's	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
	Proportion of the Net Pension Liability (Asset) (2)	Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	
2022	0.0406%	\$	3,862,507	\$ 3,797,666	82.61%
2021	0.0417%		3,234,883	3,680,522	85.46%
2020	0.0428%		6,228,524	3,755,972	71.47%
2019	0.0425%		5,587,978	3,577,009	73.51%
2018	0.0428%		5,030,000	3,483,372	74.81%
2017	0.0438%		5,389,000	3,493,365	72.92%
2016	0.0461%		6,457,000	3,512,489	68.28%
2015	0.0484%		6,087,000	3,595,880	70.68%
2014	0.0501%		6,054,000	3,672,064	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 Craig, 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	\$ 249,439	\$ 249,439	\$ -	\$ 2,349,549	10.62%
2022	239,676	239,676	-	2,185,869	10.96%
2021	208,208	208,208	-	1,898,316	10.97%
2020	210,532	210,532	-	1,852,006	11.37%
2019	196,470	196,470	-	1,701,824	11.54%
2018	166,660	166,660	-	1,640,317	10.16%
2017	157,299	157,299	-	1,534,935	10.25%
2016	160,130	160,130	-	1,383,512	11.57%
2015	165,490	165,490	-	1,424,898	11.61%
2014	178,374	126,055	52,319	1,437,339	8.77%
Component Unit School Board (nonprofessional)					
2023	\$ 20,244	\$ 20,244	\$ -	\$ 326,217	6.21%
2022	27,558	27,558	-	298,672	9.23%
2021	26,851	26,851	-	285,897	9.39%
2020	30,475	30,475	-	294,418	10.35%
2019	32,535	32,535	-	309,022	10.53%
2018	29,539	29,539	-	317,794	9.30%
2017	30,793	30,793	-	327,803	9.39%
2016	42,879	42,879	-	324,831	13.20%
2015	55,133	55,133	-	416,726	13.23%
2014	52,771	45,582	7,189	408,442	11.16%
Component Unit School Board (professional)					
2023	\$ 632,541	\$ 632,541	\$ -	\$ 4,047,115	15.63%
2022	602,627	602,627	-	3,797,666	15.87%
2021	589,467	589,467	-	3,680,522	16.02%
2020	568,737	568,737	-	3,755,972	15.14%
2019	543,267	543,267	-	3,577,009	15.19%
2018	553,546	553,546	-	3,483,372	15.89%
2017	503,157	503,157	-	3,493,365	14.40%
2016	489,140	489,140	-	3,512,489	13.93%
2015	518,231	518,231	-	3,595,880	14.41%
2014	428,365	428,365	-	3,672,064	11.67%

*The difference relates to the County and School Board using an agreed upon reduced rate from VRS. These amounts impacted the calculation of the net pension liability in subsequent years.

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

County of Craig, 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 Craig, Virginia
Schedule of Employer's Share of Net OPEB Liability
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 (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2022	0.01010% \$	121,012 \$	2,185,869	5.54%	67.21%
2021	0.00920%	106,997	1,898,316	5.64%	67.45%
2020	0.00900%	150,195	1,852,006	8.11%	52.64%
2019	0.00868%	141,247	1,701,824	8.30%	52.00%
2018	0.00863%	131,000	1,640,317	7.99%	51.22%
2017	0.00833%	125,000	1,534,935	8.14%	48.86%
Component Unit-School Board (Non-Professional)					
2022	0.00140% \$	16,617 \$	298,672	5.56%	67.21%
2021	0.00140%	16,067	285,897	5.62%	67.45%
2020	0.00140%	23,698	294,418	8.05%	52.64%
2019	0.00158%	25,711	309,022	8.32%	52.00%
2018	0.00167%	25,000	317,794	7.87%	51.22%
2017	0.00178%	26,000	327,803	7.93%	48.86%
Component Unit-School Board (Professional)					
2022	0.01750% \$	210,235 \$	3,797,666	5.54%	67.21%
2021	0.01780%	207,590	3,680,522	5.64%	67.45%
2020	0.01820%	304,563	3,755,972	8.11%	52.64%
2019	0.01828%	297,465	3,577,009	8.32%	52.00%
2018	0.01831%	278,000	3,483,372	7.98%	51.22%
2017	0.01894%	285,000	3,493,365	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 Craig, 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	\$ 12,718	\$ 12,718	\$ -	\$ 2,349,549	0.54%
2022	11,804	11,804	-	2,185,869	0.54%
2021	10,251	10,251	-	1,898,316	0.54%
2020	9,630	9,630	-	1,852,006	0.52%
2019	8,850	8,850	-	1,701,824	0.52%
2018	8,530	8,530	-	1,640,317	0.52%
2017	7,994	7,994	-	1,534,935	0.52%
2016	6,667	6,667	-	1,383,512	0.48%
2015	6,840	6,840	-	1,424,898	0.48%
2014	6,899	6,899	-	1,437,339	0.48%
Component Unit-School Board (Non-Professional)					
2023	\$ 1,762	\$ 1,762	\$ -	\$ 326,217	0.54%
2022	1,622	1,622	-	298,672	0.54%
2021	1,544	1,544	-	285,897	0.54%
2020	1,520	1,520	-	294,418	0.52%
2019	1,607	1,607	-	309,022	0.52%
2018	1,652	1,652	-	317,794	0.52%
2017	1,705	1,705	-	327,803	0.52%
2016	1,559	1,559	-	324,831	0.48%
2015	2,000	2,000	-	416,726	0.48%
2014	1,961	1,961	-	408,442	0.48%
Component Unit-School Board (Professional)					
2023	\$ 21,880	\$ 21,880	\$ -	\$ 4,047,115	0.54%
2022	20,507	20,507	-	3,797,666	0.54%
2021	19,875	19,875	-	3,680,522	0.54%
2020	18,621	18,621	-	3,755,972	0.50%
2019	18,600	18,600	-	3,577,009	0.52%
2018	18,114	18,114	-	3,483,372	0.52%
2017	18,166	18,166	-	3,493,365	0.52%
2016	16,860	16,860	-	3,512,489	0.48%
2015	17,260	17,260	-	3,595,880	0.48%
2014	17,626	17,626	-	3,672,064	0.48%

County of Craig, 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, 2021, 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 Craig, Virginia
Schedule of School Board's Share of 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 (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.0408%	\$ 508,986	\$ 3,797,666	13.40%	15.08%
2021	0.0416%	534,222	3,680,522	14.51%	13.15%
2020	0.0428%	558,855	3,755,972	14.88%	9.95%
2019	0.0427%	559,116	3,577,009	15.63%	8.97%
2018	0.0431%	547,000	3,483,372	15.70%	8.08%
2017	0.0441%	560,000	3,493,365	16.03%	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 Craig, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
Component Unit-School Board (Professional)					
2023	\$ 49,026	\$ 49,026	\$ -	\$ 4,047,115	1.21%
2022	45,952	45,952	-	3,797,666	1.21%
2021	44,535	44,535	-	3,680,522	1.21%
2020	43,038	43,038	-	3,755,972	1.15%
2019	42,924	42,924	-	3,577,009	1.20%
2018	42,846	42,846	-	3,483,372	1.23%
2017	38,658	38,658	-	3,493,365	1.11%
2016	37,232	37,232	-	3,512,489	1.06%
2015	38,116	38,116	-	3,595,880	1.06%
2014	40,668	40,668	-	3,672,064	1.11%

County of Craig, 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:

Component Unit-School Board (Professional):

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 Craig, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (Nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 513	\$ 613	\$ -
Interest	3,059	2,809	-
Changes in benefit terms	-	-	41,616
Differences between expected and actual experience	(3,887)	-	-
Changes of assumptions	5,897	707	-
Benefit payments	(1,868)	-	-
Net change in total HIC OPEB liability	\$ 3,714	\$ 4,129	\$ 41,616
Total HIC OPEB Liability - beginning	45,745	41,616	-
Total HIC OPEB Liability - ending (a)	\$ 49,459	\$ 45,745	\$ 41,616
Plan fiduciary net position			
Contributions - employer	\$ -	\$ 3,116	\$ -
Net investment income	(32)	454	-
Benefit payments	(1,868)	-	-
Administrator charges	(10)	(14)	-
Differences between expected and actual experience	3,255	-	-
Net change in plan fiduciary net position	\$ 1,345	\$ 3,556	\$ -
Plan fiduciary net position - beginning	3,556	-	-
Plan fiduciary net position - ending (b)	\$ 4,901	\$ 3,556	\$ -
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 44,558	\$ 42,189	\$ 41,616
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.91%	7.77%	0.00%
Covered payroll	\$ 298,672	\$ 285,897	\$ -
School Division's net HIC OPEB liability as a percentage of covered payroll	N/A	N/A	N/A

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

County of Craig, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2021 through June 30, 2023

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
Component Unit-School Board (Non-Professional)					
2023	\$ 4,143	\$ 4,143	\$ -	\$ 326,217	1.27%
2022	3,256	3,256	-	298,672	1.09%
2021	3,116	3,116	-	285,897	1.09%

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

County of Craig, 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:

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 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

Other Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 29,353	\$ 29,353
Total revenues	\$ -	\$ -	\$ 29,353	\$ 29,353
EXPENDITURES				
Capital projects	\$ -	\$ 1,040,400	\$ 228,255	\$ 812,145
Total expenditures	\$ -	\$ 1,040,400	\$ 228,255	\$ 812,145
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (1,040,400)	\$ (198,902)	\$ 841,498
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 555,778	\$ 555,778
Total other financing sources (uses)	\$ -	\$ -	\$ 555,778	\$ 555,778
Net change in fund balances	\$ -	\$ (1,040,400)	\$ 356,876	\$ 1,397,276
Fund balances - beginning	-	1,040,400	1,380,648	340,248
Fund balances - ending	\$ -	\$ -	\$ 1,737,524	\$ 1,737,524

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

	School Operating Fund	School Cafeteria Fund	Nonmajor Fund School Activity Fund	Total
ASSETS				
Cash and cash equivalents	\$ 310,298	\$ 82,241	\$ 122,451	\$ 514,990
Due from other governmental units	882,708	-	-	882,708
Total assets	<u>\$ 1,193,006</u>	<u>\$ 82,241</u>	<u>\$ 122,451</u>	<u>\$ 1,397,698</u>
LIABILITIES				
Accounts payable	\$ 13,273	\$ 6,659	\$ 25,050	\$ 44,982
Accrued payroll liabilities	308,984	9,066	-	318,050
Accounts payable - construction	606,243	-	-	606,243
Due to primary government	264,506	-	-	264,506
Total liabilities	<u>\$ 1,193,006</u>	<u>\$ 15,725</u>	<u>\$ 25,050</u>	<u>\$ 1,233,781</u>
FUND BALANCE				
Restricted:				
Cafeteria	\$ -	\$ 66,516	\$ -	\$ 66,516
Committed:				
School activities	-	-	97,401	97,401
Total fund balance	<u>\$ -</u>	<u>\$ 66,516</u>	<u>\$ 97,401</u>	<u>\$ 163,917</u>
Total liabilities and fund balance	<u>\$ 1,193,006</u>	<u>\$ 82,241</u>	<u>\$ 122,451</u>	<u>\$ 1,397,698</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Fund balance per above				\$ 163,917
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$ 79,830	
Construction in progress			1,921,876	
Buildings and improvements			1,032,696	
Machinery and equipment			242,085	
Intangible right-to-use assets:				
Machinery, equipment, and vehicles			8,344	
Subscription assets			17,315	3,302,146
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 1,053,603	
OPEB related items			124,145	1,177,748
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences			\$ (82,399)	
Lease Liabilities			(7,174)	
Net pension liability			(3,880,626)	
Net OPEB liabilities			(780,396)	(4,750,595)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.				
Prepaid items				157,494
Deferred inflows of resources are not due and payable for current period and, therefore, are not reported in the funds.				
Pension related items			\$ (1,110,438)	
OPEB related items			(117,876)	(1,228,314)
Net position of component unit school board				<u>\$ (1,177,604)</u>

County of Craig, 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	School Cafeteria Fund	Nonmajor Fund School Activity Fund	Total
REVENUES				
Charges for services	\$ -	\$ 70,731	\$ -	\$ 70,731
Revenue from the use of money and property	-	124	-	124
Miscellaneous	106,174	-	225,000	331,174
Intergovernmental:				
Local government	1,297,295	-	-	1,297,295
Commonwealth	6,465,386	6,612	-	6,471,998
Federal	1,894,694	355,011	-	2,249,705
Total revenues	<u>\$ 9,763,549</u>	<u>\$ 432,478</u>	<u>\$ 225,000</u>	<u>\$ 10,421,027</u>
EXPENDITURES				
Current:				
Education	\$ 8,240,917	\$ 506,512	\$ 278,756	\$ 9,026,185
Capital projects	1,481,858	-	-	1,481,858
Debt service:				
Principal retirement	35,758	-	-	35,758
Interest and other fiscal charges	328	-	-	328
Total expenditures	<u>\$ 9,758,861</u>	<u>\$ 506,512</u>	<u>\$ 278,756</u>	<u>\$ 10,544,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,688</u>	<u>\$ (74,034)</u>	<u>\$ (53,756)</u>	<u>\$ (123,102)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 23,470	\$ 23,470
Transfers out	(23,470)	-	-	(23,470)
Proceeds of SBITAs	18,782	-	-	18,782
Total other financing sources (uses)	<u>\$ (4,688)</u>	<u>\$ -</u>	<u>\$ 23,470</u>	<u>\$ 18,782</u>
Net change in fund balance	\$ -	\$ (74,034)	\$ (30,286)	\$ (104,320)
Fund balance - beginning	-	140,550	127,687	268,237
Fund balance - ending	<u>\$ -</u>	<u>\$ 66,516</u>	<u>\$ 97,401</u>	<u>\$ 163,917</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:				
Net change in fund balance - governmental fund - per above				\$ (104,320)
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 capital outlays exceeded depreciation in the current period.				
Capital asset additions			\$ 1,795,344	
Depreciation and amortization expense			(211,157)	1,584,187
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.				(43,950)
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 assets. 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 subscription liabilities			\$ (18,782)	
Principal payments - subscription liabilities			18,782	
Principal payments - leases			16,976	16,976
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			\$ 16,865	
Change in net OPEB liabilities and related deferred items			50,621	
Change in net pension liabilities and related deferred items			756,135	823,621
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.				
Increase (decrease) in prepaid items				70,759
Change in net position of component unit school board				<u>\$ 2,347,273</u>

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

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 41,881	\$ 41,881	\$ 70,731	\$ 28,850
Revenue from the use of money and property	-	-	-	-	50	50	124	74
Miscellaneous	38,400	108,225	106,174	(2,051)	-	-	-	-
Intergovernmental:								
Local government	1,820,000	2,008,457	1,297,295	(711,162)	-	-	-	-
Commonwealth	5,190,405	6,431,972	6,465,386	33,414	13,582	13,582	6,612	(6,970)
Federal	482,658	1,316,896	1,894,694	577,798	285,000	285,000	355,011	70,011
Total revenues	\$ 7,531,463	\$ 9,865,550	\$ 9,763,549	\$ (102,001)	\$ 340,513	\$ 340,513	\$ 432,478	\$ 91,965
EXPENDITURES								
Current:								
Education	\$ 7,531,463	\$ 8,383,692	\$ 8,240,917	\$ 106,689	\$ 340,513	\$ 340,513	\$ 506,512	\$ (165,999)
Capital projects	-	1,481,858	1,481,858	-	-	-	-	-
Debt service:								
Principal retirement	-	-	35,758	-	-	-	-	-
Interest and other fiscal charges	-	-	328	-	-	-	-	-
Total expenditures	\$ 7,531,463	\$ 9,865,550	\$ 9,758,861	\$ 106,689	\$ 340,513	\$ 340,513	\$ 506,512	\$ (165,999)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 4,688	\$ 4,688	\$ -	\$ -	\$ (74,034)	\$ (74,034)
OTHER FINANCING SOURCES (USES)								
Transfers out	\$ -	\$ -	\$ (23,470)	\$ (23,470)	\$ -	\$ -	\$ -	\$ -
Proceeds of subscription liabilities	-	-	18,782	18,782	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ (4,688)	\$ (4,688)	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (74,034)	\$ (74,034)
Fund balance - beginning	-	-	-	-	-	-	140,550	140,550
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,516	\$ 66,516

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

<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	\$ 3,106,430	\$ 3,106,430	\$ 3,330,724	\$ 224,294
Real and personal public service corporation taxes	143,644	143,644	137,684	(5,960)
Personal property taxes	1,071,213	865,613	1,347,685	482,072
Mobile home taxes	20,225	20,225	21,891	1,666
Machinery and tools taxes	65,741	65,741	54,778	(10,963)
Merchant's capital	11,659	11,659	13,137	1,478
Penalties	36,554	36,554	47,295	10,741
Interest	15,396	15,396	22,510	7,114
Total general property taxes	\$ 4,470,862	\$ 4,265,262	\$ 4,975,704	\$ 710,442
Other local taxes:				
Local sales and use taxes	\$ 275,000	\$ 275,000	\$ 296,302	\$ 21,302
Consumers' utility taxes	117,686	117,686	117,845	159
Consumption taxes	13,450	13,450	12,889	(561)
Franchise license taxes	3,200	3,200	371	(2,829)
Recordation tax	37,600	37,600	26,963	(10,637)
Hotel and motel room taxes	40,200	40,200	63,999	23,799
Cigarette tax	48,000	48,000	24,958	(23,042)
Restaurant food taxes	92,000	92,000	103,783	11,783
Total other local taxes	\$ 627,136	\$ 627,136	\$ 647,110	\$ 19,974
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,950	\$ 10,124	\$ 9,382	\$ (742)
Transfer fees	300	300	212	(88)
Zoning, subdivision permits, and erosion and sediment control	800	800	2,364	1,564
Building permits	19,783	19,783	19,290	(493)
Total permits, privilege fees, and regulatory licenses	\$ 30,833	\$ 31,007	\$ 31,248	\$ 241
Fines and forfeitures:				
Court fines and forfeitures	\$ 6,200	\$ 6,200	\$ 9,383	\$ 3,183
Interest on fines	-	-	406	406
Law library costs	100	100	1,204	1,104
Total fines and forfeitures	\$ 6,300	\$ 6,300	\$ 10,993	\$ 4,693
Revenue from use of money and property:				
Revenue from use of money	\$ 6,546	\$ 6,546	\$ 60,990	\$ 54,444
Revenue from use of property	33,938	33,938	35,139	1,201
Total revenue from use of money and property	\$ 40,484	\$ 40,484	\$ 96,129	\$ 55,645
Charges for services:				
Charges for courthouse maintenance	\$ 1,000	\$ 1,000	\$ 1,431	\$ 431
Charges for courthouse security	9,000	9,000	9,768	768
Charges for Commonwealth's Attorney	400	400	561	161
Charges for sanitation and waste removal	16,600	16,600	13,093	(3,507)
Charges for emergency medical services	218,466	218,466	278,193	59,727
Jail admission fees	558	558	328	(230)
Total charges for services	\$ 246,024	\$ 246,024	\$ 303,374	\$ 57,350

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

<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)				
Miscellaneous:				
Miscellaneous	\$ 27,973	\$ 80,816	\$ 100,419	\$ 19,603
Opioid settlement revenue	-	20,866	20,866	-
Total miscellaneous revenue	\$ 27,973	\$ 101,682	\$ 121,285	\$ 19,603
Recovered costs:				
Mt Castle salary reimbursement	\$ 208,648	\$ 208,648	\$ 169,783	\$ (38,865)
LOA - special welfare	21,206	21,206	-	(21,206)
Other recovered costs	15,318	30,876	34,076	3,200
Total recovered costs	\$ 245,172	\$ 260,730	\$ 203,859	\$ (56,871)
Total revenue from local sources	\$ 5,694,784	\$ 5,578,625	\$ 6,389,702	\$ 811,077
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 261	\$ 261	\$ 204	\$ (57)
Mobile home titling tax	12,400	12,400	7,069	(5,331)
Grantor's tax	10,900	10,900	7,172	(3,728)
Communication tax	82,500	82,500	80,090	(2,410)
Personal property tax relief funds	341,055	341,055	341,055	-
Total noncategorical aid	\$ 447,116	\$ 447,116	\$ 435,590	\$ (11,526)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 192,516	\$ 192,516	\$ 187,371	\$ (5,145)
Sheriff	579,267	579,267	565,052	(14,215)
Commissioner of revenue	86,805	86,805	97,527	10,722
Treasurer	91,577	91,577	93,799	2,222
Registrar/electoral board	55,603	55,603	58,584	2,981
Clerk of the Circuit Court	225,115	272,759	269,318	(3,441)
Total shared expenses	\$ 1,230,883	\$ 1,278,527	\$ 1,271,651	\$ (6,876)
Other categorical aid:				
Welfare payments	\$ 535,063	\$ 569,409	\$ 389,499	\$ (179,910)
CSA payments	561,790	561,790	426,909	(134,881)
Litter control grant	-	14,024	14,024	-
Four-for-life	6,186	6,186	-	(6,186)
Fire program	20,000	30,000	30,000	-
Library grant	9,276	10,762	10,762	-
State E-911 program	45,730	45,730	47,703	1,973
VJCCA grant	6,588	6,588	6,585	(3)
LATCF grant	-	188,545	-	(188,545)
Emergency services	-	50,675	74,379	23,704
Total other categorical aid	\$ 1,184,633	\$ 1,483,709	\$ 999,861	\$ (483,848)
Total categorical aid	\$ 2,415,516	\$ 2,762,236	\$ 2,271,512	\$ (490,724)
Total revenue from the Commonwealth	\$ 2,862,632	\$ 3,209,352	\$ 2,707,102	\$ (502,250)

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

<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:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 330,602	\$ 330,602	\$ 369,520	\$ 38,918
Categorical aid:				
Welfare payments	\$ 666,084	\$ 666,084	\$ 666,084	\$ -
DMV grants	6,000	6,000	2,003	(3,997)
Emergency preparedness grant	7,500	7,500	12,900	5,400
Forest reserve	18,660	18,660	17,995	(665)
COVID-19 CSLFRF	-	-	9,600	9,600
COVID-19 HHS Provider Relief	-	-	17,411	17,411
Forest service grant	6,600	6,600	950	(5,650)
Total categorical aid	\$ 704,844	\$ 704,844	\$ 726,943	\$ 22,099
Total revenue from the federal government	\$ 1,035,446	\$ 1,035,446	\$ 1,096,463	\$ 61,017
Total General Fund	\$ 9,592,862	\$ 9,823,423	\$ 10,193,267	\$ 369,844
Special Revenue Fund:				
Asset Forfeiture Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 7	\$ 7
Total revenue from local sources	\$ -	\$ -	\$ 7	\$ 7
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ 195	\$ 195	\$ -
Total revenue from the Commonwealth	\$ -	\$ 195	\$ 195	\$ -
Total Asset Forfeiture Fund	\$ -	\$ 195	\$ 202	\$ 7
Capital Projects Fund:				
Capital Improvements Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 29,353	\$ 29,353
Total miscellaneous revenue	\$ -	\$ -	\$ 29,353	\$ 29,353
Total revenue from local sources	\$ -	\$ -	\$ 29,353	\$ 29,353
Total County Capital Improvements Fund	\$ -	\$ -	\$ 29,353	\$ 29,353
Total Primary Government	\$ 9,592,862	\$ 9,823,618	\$ 10,222,822	\$ 399,204
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 38,400	\$ 108,225	\$ 106,174	\$ (2,051)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Craig, Virginia	\$ 1,820,000	\$ 2,008,457	\$ 1,297,295	\$ (711,162)

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

<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: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 827,772	\$ 942,643	\$ 941,492	\$ (1,151)
Basic school aid	1,996,923	1,996,923	1,786,242	(210,681)
Foster care	12,011	12,011	6,983	(5,028)
Gifted and talented	18,236	18,236	17,506	(730)
Special education	378,863	378,863	363,705	(15,158)
Special education regional payments	141,967	141,967	143,791	1,824
Textbook payment	41,621	41,621	39,956	(1,665)
Special education foster care	-	-	13,588	13,588
Jobs for Virginia graduates	50,000	50,000	60,000	10,000
Early intervention	29,766	29,766	12,402	(17,364)
Vocational standards of quality payments	142,427	142,427	136,729	(5,698)
Homebound education	753	753	880	127
Fringe benefits	465,326	465,326	446,708	(18,618)
Vocational education - equipment	4,759	4,759	5,235	476
At-risk payments	199,139	199,139	225,413	26,274
Remedial assistance	90,189	90,189	107,328	17,139
Primary class size	32,296	32,296	28,915	(3,381)
VPSSA grants	102,000	102,000	163,685	61,685
Standards of Learning algebra readiness	10,068	10,068	7,482	(2,586)
Lottery proceeds	200,000	200,000	200,000	-
ISAEF	8,233	8,233	8,203	(30)
English Second Language	1,010	1,010	1,010	-
Hold Harlness grant	287,489	287,489	412,185	124,696
Compensation supplement	119,592	119,592	133,384	13,792
School construction grant	-	1,126,696	1,126,696	-
Other state funds	29,965	29,965	75,868	45,903
Total categorical aid	\$ 5,190,405	\$ 6,431,972	\$ 6,465,386	\$ 33,414
Total revenue from the Commonwealth	\$ 5,190,405	\$ 6,431,972	\$ 6,465,386	\$ 33,414
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 206,861	\$ 206,861	\$ 217,540	\$ 10,679
COVID-19 Education Relief Funds	-	561,061	902,203	341,142
Forest reserve fund	-	101,969	101,969	-
Title VI-B, special education flow-through	156,304	189,281	210,544	21,263
Vocational education	14,089	14,089	13,600	(489)
Title VI-B, special education pre-school	7,049	7,049	9,798	2,749
Title III, Impact aid	49,000	49,000	52,420	3,420
Title II, Part A	26,593	26,593	25,627	(966)
COVID-19 CSLFRF funding	-	-	265,236	265,236
Other federal funds	22,762	160,993	95,757	(65,236)
Total categorical aid	\$ 482,658	\$ 1,316,896	\$ 1,894,694	\$ 577,798
Total revenue from the federal government	\$ 482,658	\$ 1,316,896	\$ 1,894,694	\$ 577,798
Total School Operating Fund	\$ 7,531,463	\$ 9,865,550	\$ 9,763,549	\$ (102,001)

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

<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 Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 50	\$ 50	\$ 124	\$ 74
Charges for services:				
Cafeteria sales	\$ 41,881	\$ 41,881	\$ 70,731	\$ 28,850
Total revenue from local sources	\$ 41,931	\$ 41,931	\$ 70,855	\$ 28,924
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,582	\$ 13,582	\$ 6,612	\$ (6,970)
Total revenue from the Commonwealth	\$ 13,582	\$ 13,582	\$ 6,612	\$ (6,970)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 285,000	\$ 285,000	\$ 355,011	\$ 70,011
Total revenue from the federal government	\$ 285,000	\$ 285,000	\$ 355,011	\$ 70,011
Total School Cafeteria Fund	\$ 340,513	\$ 340,513	\$ 432,478	\$ 91,965
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 225,000	\$ 225,000
Total School Activity Fund	\$ -	\$ -	\$ 225,000	\$ 225,000
Total Discretely Presented Component Unit - School Board	\$ 7,871,976	\$ 10,206,063	\$ 10,421,027	\$ 214,964

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

<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	\$ 36,960	\$ 37,101	\$ 31,628	\$ 5,473
General and financial administration:				
County administrator	\$ 138,538	\$ 138,538	\$ 132,202	\$ 6,336
Commissioner of revenue	208,378	208,378	194,059	14,319
Reassessment	40,000	67,000	66,682	318
Audit	73,500	73,500	67,755	5,745
Treasurer	245,423	250,933	245,997	4,936
Accounting/purchasing	130,415	130,415	125,639	4,776
Technology/data processing	115,963	120,433	113,207	7,226
Total general and financial administration	\$ 952,217	\$ 989,197	\$ 945,541	\$ 43,656
Board of elections:				
Electoral board and officials	\$ 40,716	\$ 40,716	\$ 25,058	\$ 15,658
Registrar	105,074	105,074	98,008	7,066
Total board of elections	\$ 145,790	\$ 145,790	\$ 123,066	\$ 22,724
Total general government administration	\$ 1,134,967	\$ 1,172,088	\$ 1,100,235	\$ 71,853
Judicial administration:				
Courts:				
Circuit court	\$ 6,780	\$ 6,780	\$ 4,034	\$ 2,746
General district court	3,599	3,599	1,899	1,700
Clerk of the circuit court	312,516	376,307	370,522	5,785
Total courts	\$ 322,895	\$ 386,686	\$ 376,455	\$ 10,231
Commonwealth's attorney:				
Commonwealth's attorney	\$ 243,249	\$ 243,249	\$ 236,968	\$ 6,281
Total judicial administration	\$ 566,144	\$ 629,935	\$ 613,423	\$ 16,512
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,033,775	\$ 1,064,428	\$ 1,048,064	\$ 16,364
Fire and rescue services:				
Public safety	\$ 148,830	\$ 190,355	\$ 179,444	\$ 10,911
Emergency medical services	797,545	977,052	734,773	242,279
E-911	31,761	31,761	26,618	5,143
Total fire and rescue services	\$ 978,136	\$ 1,199,168	\$ 940,835	\$ 258,333
Correction and detention:				
Care of prisoners	\$ 25,000	\$ 41,954	\$ 38,274	\$ 3,680
Inspections:				
Building	\$ 95,708	\$ 102,208	\$ 99,108	\$ 3,100

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

<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)				
Other protection:				
Animal control	\$ 47,595	\$ 47,769	\$ 5,434	\$ 42,335
Medical examiner	400	400	100	300
Forest service	3,777	3,777	3,776	1
Total other protection	<u>\$ 51,772</u>	<u>\$ 51,946</u>	<u>\$ 9,310</u>	<u>\$ 42,636</u>
Total public safety	<u>\$ 2,184,391</u>	<u>\$ 2,459,704</u>	<u>\$ 2,135,591</u>	<u>\$ 324,113</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 472,633	\$ 472,633	\$ 424,546	\$ 48,087
Litter control grant	-	15,454	15,454	-
Total sanitation and waste removal	<u>\$ 472,633</u>	<u>\$ 488,087</u>	<u>\$ 440,000</u>	<u>\$ 48,087</u>
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 175,542	\$ 175,542	\$ 159,394	\$ 16,148
Total public works	<u>\$ 648,175</u>	<u>\$ 663,629</u>	<u>\$ 599,394</u>	<u>\$ 64,235</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 75,245	\$ 75,245	\$ 75,245	\$ -
Behavioral Health and Development Services:				
Blue Ridge Community Services Board	\$ 8,328	\$ 8,328	\$ 8,328	\$ -
Welfare:				
Welfare administration	\$ 1,406,768	\$ 1,447,699	\$ 1,202,401	\$ 245,298
Children's Services Act (CSA)	791,257	791,257	577,040	214,217
Tax relief for the elderly/veterans	45,000	45,000	51,386	(6,386)
Total welfare	<u>\$ 2,243,025</u>	<u>\$ 2,283,956</u>	<u>\$ 1,830,827</u>	<u>\$ 453,129</u>
Total health and welfare	<u>\$ 2,326,598</u>	<u>\$ 2,367,529</u>	<u>\$ 1,914,400</u>	<u>\$ 453,129</u>
Education:				
Other instructional costs:				
Contribution to Community College	\$ 17,000	\$ 17,000	\$ 17,000	\$ -
Contribution to County School Board	1,820,000	2,008,457	1,297,295	711,162
Total education	<u>\$ 1,837,000</u>	<u>\$ 2,025,457</u>	<u>\$ 1,314,295</u>	<u>\$ 711,162</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
League of older Americans	\$ 1,200	\$ 1,200	\$ 1,200	\$ -
Library:				
Regional library	\$ 43,349	\$ 48,735	\$ 48,127	\$ 608
Total parks, recreation, and cultural	<u>\$ 44,549</u>	<u>\$ 49,935</u>	<u>\$ 49,327</u>	<u>\$ 608</u>

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

<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	\$ 13,525	\$ 13,525	\$ 8,488	\$ 5,037
Zoning board	1,000	1,000	-	1,000
Planning	2,653	2,653	1,612	1,041
Tourism	24,200	49,310	13,644	35,666
Contribution to Virginia's First Regional IFA	10,844	10,844	10,844	-
Fifth planning district	4,892	4,892	4,892	-
Total planning and community development	<u>\$ 57,114</u>	<u>\$ 82,224</u>	<u>\$ 39,480</u>	<u>\$ 42,744</u>
Environmental management:				
Mountain Castle - soil conservation	\$ 211,648	\$ 211,648	\$ 169,784	\$ 41,864
Erosion and sediment control	2,500	2,500	-	2,500
Total environmental management	<u>\$ 214,148</u>	<u>\$ 214,148</u>	<u>\$ 169,784</u>	<u>\$ 44,364</u>
Cooperative extension program:				
Extension office	\$ 46,942	\$ 46,942	\$ 35,016	\$ 11,926
Total community development	<u>\$ 318,204</u>	<u>\$ 343,314</u>	<u>\$ 244,280</u>	<u>\$ 99,034</u>
Nondepartmental:				
Fringe benefits	\$ 52,784	\$ 52,831	\$ 47,409	\$ 5,422
Contingencies	60,000	15,000	8,312	6,688
Total nondepartmental	<u>\$ 112,784</u>	<u>\$ 67,831</u>	<u>\$ 55,721</u>	<u>\$ 12,110</u>
Capital Projects				
E911 tower project	\$ -	\$ 996,637	\$ 9,600	\$ 987,037
Debt service:				
Principal retirement	\$ 584,705	\$ 584,705	\$ 606,904	\$ (22,199)
Interest and other fiscal charges	37,180	37,180	104,227	(67,047)
Total debt service	<u>\$ 621,885</u>	<u>\$ 621,885</u>	<u>\$ 711,131</u>	<u>\$ (89,246)</u>
Total General Fund	<u>\$ 9,794,697</u>	<u>\$ 11,397,944</u>	<u>\$ 8,747,397</u>	<u>\$ 2,650,547</u>
Special Revenue Fund:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 7,132	\$ 50	\$ 7,082
Total public safety	<u>\$ -</u>	<u>\$ 7,132</u>	<u>\$ 50</u>	<u>\$ 7,082</u>
Total Asset Forfeiture Fund	<u>\$ -</u>	<u>\$ 7,132</u>	<u>\$ 50</u>	<u>\$ 7,082</u>

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

<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>
Capital Projects Fund:				
Capital Improvements Fund:				
Capital projects:				
School capital projects	\$ -	\$ 851,855	\$ 228,255	\$ 623,600
LATCF E911 tower	-	188,545	-	188,545
Total capital projects	\$ -	\$ 1,040,400	\$ 228,255	\$ 812,145
Total Capital Projects Fund	\$ -	\$ 1,040,400	\$ 228,255	\$ 812,145
Total Primary Government	\$ 9,794,697	\$ 12,445,476	\$ 8,975,702	\$ 3,469,774
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Executive administration services	\$ 611,238	\$ 669,238	\$ 654,561	\$ 14,677
Instruction costs:				
Instruction costs	\$ 5,289,616	\$ 5,688,073	\$ 5,649,480	\$ 38,593
Technology	302,738	571,859	556,401	15,458
Total instruction costs	\$ 5,592,354	\$ 6,259,932	\$ 6,205,881	\$ 54,051
Operating costs:				
Pupil transportation	\$ 570,195	\$ 656,699	\$ 657,213	\$ (514)
Operation and maintenance of school plant	737,676	767,545	700,906	66,639
Other operating costs	20,000	30,278	22,356	7,922
Total operating costs	\$ 1,327,871	\$ 1,454,522	\$ 1,380,475	\$ 74,047
Debt service:				
Principal retirement	\$ -	\$ -	\$ 35,758	\$ (35,758)
Interest and other fiscal charges	-	-	328	(328)
Total debt service	\$ -	\$ -	\$ 36,086	\$ (36,086)
Total education	\$ 7,531,463	\$ 8,383,692	\$ 8,277,003	\$ 106,689
Capital projects:				
HVAC project	\$ -	\$ 925,268	\$ 925,268	\$ -
Auditorium renovations	-	262,411	262,411	-
Locker room and clinic renovations	-	294,179	294,179	-
Total capital projects	\$ -	\$ 1,481,858	\$ 1,481,858	\$ -
Total School Operating Fund	\$ 7,531,463	\$ 9,865,550	\$ 9,758,861	\$ 106,689
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 340,513	\$ 340,513	\$ 506,512	\$ (165,999)
Total School Cafeteria Fund	\$ 340,513	\$ 340,513	\$ 506,512	\$ (165,999)
School Activity Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ -	\$ -	\$ 278,756	\$ (278,756)
Total School Activity Fund	\$ -	\$ -	\$ 278,756	\$ (278,756)
Total Discretely Presented Component Unit - School Board	\$ 7,871,976	\$ 10,206,063	\$ 10,544,129	\$ (338,066)

Other Statistical Information

Table 1

County of Craig, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General		Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration								
2022-23	\$ 1,084,436	\$ 614,929	\$ 2,321,033	\$ 721,063	\$ 1,953,633	\$ 1,729,748	\$ 174,326	\$ 73,927	\$ 94,654	\$ 8,767,749
2021-22	1,016,147	574,535	2,514,261	603,061	1,688,267	1,429,768	52,522	84,791	125,720	8,089,072
2020-21	961,195	379,400	2,384,383	616,027	1,847,197	1,667,811	44,619	147,487	159,699	8,207,818
2019-20	912,493	369,406	2,008,933	652,904	1,922,459	2,107,155	44,444	83,424	138,356	8,239,574
2018-19	740,339	312,306	1,758,372	614,928	1,506,879	1,752,410	45,779	42,348	154,488	6,927,848
2017-18	605,223	301,263	1,741,399	577,668	1,250,607	2,192,694	42,753	149,288	102,784	6,963,679
2016-17	821,376	326,560	1,625,010	571,442	1,234,904	1,843,293	38,779	140,256	122,050	6,723,670
2015-16	739,661	304,096	1,467,324	579,770	1,222,920	1,843,269	37,456	142,775	140,070	6,477,341
2014-15	687,049	282,082	1,488,590	460,013	1,222,584	2,524,567	35,161	157,523	159,707	7,017,276
2013-14	791,988	323,664	1,324,152	609,729	1,043,298	2,119,299	34,833	139,465	177,884	6,564,312

Table 2

County of Craig, 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	Grants and Contributions Not Restricted to Specific Programs	Gain/Loss on Sale of Capital Assets		
2022-23	\$ 380,754	\$ 2,989,050	\$ 9,600	\$ 4,996,839	\$ 647,110	\$ 60,997	\$ 236,217	\$ 805,110	\$ -	\$ 10,125,677	
2021-22	287,428	3,186,369	49,500	4,707,828	611,124	28,650	49,487	799,377	-	9,719,763	
2020-21	272,783	3,181,644	25,000	4,407,646	573,499	37,232	69,209	816,061	-	9,383,074	
2019-20	270,795	2,578,752	-	4,229,625	475,834	52,797	83,988	790,388	-	8,482,179	
2018-19	276,769	2,172,849	-	4,140,233	450,251	62,060	54,457	789,654	232,683	8,178,956	
2017-18	198,082	2,059,715	28,233	4,060,334	442,686	115,422	73,886	791,477	-	7,769,835	
2016-17	225,644	1,929,108	-	3,735,991	531,210	96,023	93,989	657,441	-	7,269,406	
2015-16	147,572	2,115,406	-	3,502,061	535,567	80,207	68,671	665,593	-	7,115,077	
2014-15	130,563	1,920,486	-	3,528,790	536,953	75,408	50,351	630,602	-	6,873,153	
2013-14	98,996	1,731,459	313,600	3,394,671	499,033	84,783	72,073	635,965	-	6,830,580	

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2022-23	\$ 1,100,235	\$ 613,423	\$ 2,135,641	\$ 599,394	\$ 1,914,400	\$ 10,561,129	\$ 49,327	\$ 244,280	\$ 237,855	\$ 55,721	\$ 711,131	\$ 18,222,536
2021-22	1,001,969	595,209	2,342,901	550,839	1,711,436	7,889,245	47,652	269,718	136,154	73,482	834,940	15,453,545
2020-21	935,759	372,961	2,195,100	562,529	1,831,127	7,574,433	39,749	314,892	236,590	77,402	776,508	14,917,050
2019-20	876,842	367,366	1,909,116	569,258	1,937,280	7,571,946	39,574	242,263	618,687	58,240	728,872	14,919,444
2018-19	782,851	335,545	1,916,549	534,884	1,529,730	7,146,068	40,909	227,638	1,660,917	35,793	578,611	14,789,495
2017-18	789,421	321,181	1,712,051	484,629	1,264,965	7,234,728	37,856	308,033	356,020	56,336	497,240	13,062,460
2016-17	812,332	331,884	1,577,157	507,774	1,220,066	7,280,787	33,909	295,405	99,678	23,980	506,021	12,688,993
2015-16	807,913	308,648	1,715,254	524,366	1,232,970	7,234,274	32,586	307,491	255,149	29,267	514,620	12,962,538
2014-15	683,263	291,281	1,319,777	530,378	1,241,655	7,908,590	30,291	289,719	360,736	29,242	522,932	13,207,864
2013-14	698,893	315,527	1,233,002	732,380	1,066,647	7,592,779	31,137	250,823	-	33,105	530,908	12,485,201

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

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

Table 4

County of Craig, 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	\$ 4,975,704	\$ 647,110	\$ 31,248	\$ 10,993	\$ 96,260	\$ 374,105	\$ 452,459	\$ 203,859	\$ 12,525,463	\$ 19,317,201
2021-22	4,687,122	665,161	37,751	7,355	28,702	318,229	400,546	236,337	10,445,659	16,826,862
2020-21	4,426,774	573,499	30,557	7,208	37,266	262,871	246,506	224,216	10,003,762	15,812,659
2019-20	4,224,933	475,834	25,027	9,074	52,845	389,646	338,044	213,107	8,800,138	14,528,648
2018-19	4,164,098	450,251	27,594	9,247	62,060	209,797	350,631	216,664	8,415,905	13,906,247
2017-18	4,014,581	442,686	24,386	4,406	115,422	159,797	323,898	205,243	8,129,300	13,419,719
2016-17	3,780,172	531,210	29,472	5,986	96,023	194,461	438,522	196,331	7,910,595	13,182,772
2015-16	3,491,806	535,567	25,773	4,275	80,207	117,524	413,557	172,230	7,963,316	12,804,255
2014-15	3,495,927	536,953	33,583	3,535	75,408	93,445	372,363	161,472	7,734,458	12,507,144
2013-14	3,405,962	499,033	28,680	5,007	84,986	219,868	386,507	147,064	7,510,744	12,287,851

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

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

Table 5

County of Craig, 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 (1,2)	Total Tax Collections	Percent of		Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Delinquent Taxes to Tax Levy	Delinquent Taxes to Tax Levy
2022-23	\$ 5,252,888	\$ 5,057,901	96.29%	\$ 189,053	\$ 5,246,954	99.89%	\$ 298,664	5.69%	
2021-22	4,967,129	4,767,677	95.98%	175,334	4,943,011	99.51%	281,510	5.67%	
2020-21	4,645,561	4,498,432	96.83%	198,960	4,697,392	101.12%	282,667	6.08%	
2019-20	4,528,811	4,337,840	97.17%	168,149	4,505,989	99.50%	294,883	6.51%	
2018-19	4,452,003	4,325,867	97.17%	121,418	4,447,285	99.89%	269,134	6.05%	
2017-18	4,324,605	4,241,937	98.09%	67,375	4,309,312	99.65%	281,778	6.52%	
2016-17	3,979,080	3,908,195	98.22%	149,256	4,057,451	101.97%	224,479	5.64%	
2015-16	3,818,731	3,684,660	96.49%	106,352	3,791,012	99.27%	266,353	6.97%	
2014-15	3,855,268	3,632,756	94.23%	155,833	3,788,589	98.27%	252,169	6.54%	
2013-14	3,736,546	3,543,990	94.85%	156,332	3,700,322	99.03%	234,129	6.27%	

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

Table 6

County of Craig, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (3)	Machinery and Tools	Merchant's Capital	Public Utilities (1)(2)	Total
2022-23	\$ 527,893,100	\$ 60,361,804	\$ 1,551,929	\$ 760,605	\$ 20,352,460	610,919,898
2021-22	523,832,800	46,104,541	1,894,768	347,347	21,098,219	593,277,675
2020-21	518,372,550	40,887,341	2,233,193	376,207	20,455,651	582,324,942
2019-20	513,945,350	40,132,122	2,182,037	367,673	20,678,193	577,305,375
2018-19	510,949,900	38,971,378	2,384,170	359,874	23,485,893	576,151,215
2017-18	502,657,721	38,738,626	2,331,275	273,765	17,030,937	561,032,324
2016-17	493,739,433	37,504,338	1,951,604	410,566	18,319,870	551,925,811
2015-16	490,384,380	35,729,749	1,463,786	316,819	16,609,743	544,504,477
2014-15	487,617,041	36,560,925	1,735,986	303,551	14,601,241	540,818,744
2013-14	485,172,230	34,622,620	2,040,191	285,556	14,212,421	536,333,018

(1) Real estate is assessed at 100% of fair market value.

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

(3) Personal property is assessed at 100% of fair market value.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2022-23	\$ 0.63	\$ 3.50	\$ 3.50	\$ 3.50
2021-22	0.63	3.50	3.50	3.50
2020-21	0.59/.63	3.50	2.20	3.50
2019-20	0.59	3.50	2.20	3.50
2018-19	0.59	3.50	2.20	3.50
2017-18	0.59	3.50	2.20	3.50
2016-17	0.59	3.00	2.20	3.50
2015-16	0.56	3.00	2.20	3.50
2014-15	0.56	3.00	2.20	3.50
2013-14	0.54/0.56	3.00	2.20	3.50

(1) Per \$100 of assessed value.

Table 8

County of Craig, 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)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2022-23	\$ 4,892	\$ 610,920	\$ -	0.00%	\$ -
2021-22	4,892	582,325	-	0.00%	-
2020-21	5,190	577,305	699,291	0.12%	135
2019-20	5,190	576,151	1,091,602	0.19%	210
2018-19	5,190	561,032	1,474,101	0.26%	284
2017-18	5,190	551,926	1,846,327	0.33%	356
2016-17	5,190	544,504	2,208,543	0.41%	426
2015-16	5,190	540,819	2,560,997	0.47%	493
2014-15	5,190	536,333	2,903,926	0.54%	560
2013-14	5,190	534,911	3,237,055	0.60%	624

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes net pension and OPEB liabilities, financed purchases, lease liabilities,

Table 9

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

Fiscal Year	Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2022-23	\$ 606,904	\$ 104,227	\$ 711,131	\$ 18,222,536	3.90%
2021-22	698,874	136,066	834,940	15,453,545	5.40%
2020-21	607,093	169,415	776,508	14,917,050	5.21%
2019-20	579,865	149,007	728,872	14,919,444	4.89%
2018-19	453,501	125,110	578,611	14,789,495	3.91%
2017-18	387,225	110,015	497,240	13,062,460	3.81%
2016-17	376,899	129,122	506,021	12,688,993	3.99%
2015-16	366,823	147,797	514,620	12,962,538	3.97%
2014-15	356,483	166,449	522,932	13,207,864	3.96%
2013-14	347,371	183,537	530,908	12,485,201	4.25%
2012-13	316,581	197,000	513,581	11,779,899	4.36%

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

(2) Excludes bond issuance and other costs.

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 Craig, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Craig, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise County of Craig, Virginia's basic financial statements and have issued our report thereon November 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Craig, 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 County of Craig, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Craig, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Craig, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Craig, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of Craig, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Craig, 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 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
November 28, 2023



**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 Craig, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Craig, 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 County of Craig, Virginia's major federal programs for the year ended June 30, 2023. County of Craig, 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, County of Craig, 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 Craig, Virginia 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 Craig, 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 Craig, 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 Craig, 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 Craig, 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 Craig, 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 Craig, 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 Craig, 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.

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
November 28, 2023

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

Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payments:			
COVID-19 Provider Relief Fund (PRF)	93.498	Not applicable	\$ 17,411
Pass-through payments from:			
Virginia Department of Social Services:			
Title IV-E Prevention Program	93.472	1140122, 1140123	1,006
Guardianship Assistance	93.090	1110122, 1110123	24
		0950121, 0950122, 0960121,	
MaryLee Allen Promoting Safe and Stable Families	93.556	0960122	12,003
Temporary Assistance for Needy Families	93.558	0400122, 0400123	63,950
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122, 0500123	280
Low-Income Home Energy Assistance	93.568	0600422, 0600423	13,302
Child Care and Development Fund Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122, 0760123	15,247
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122	109
Foster Care - Title IV-E	93.658	1100122, 1100123	70,597
Adoption Assistance	93.659	1120122, 1120123	232,680
Social Services Block Grant	93.667	1000122, 1000123	53,467
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9150122	10,713
Children's Health Insurance Program	93.767	0540122, 0540123	525
Elder Abuse Prevention Interventions Program	93.747	8000221, 8000321	4,357
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122, 1200123	63,819
Total Department of Health and Human Services			<u>\$ 559,490</u>
DEPARTMENT OF AGRICULTURE:			
Pass-through payments from:			
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122, 0010123	
		0040122, 0040123	\$ 124,005
Virginia Department of Agriculture:			
Cooperative Forestry Assistance	10.664	16-LE11080818-005	950
Child Nutrition Cluster:			
National School Lunch Program (Note 3)	10.555	Not available	\$ 42,620
Virginia Department of Education:			
National School Lunch Program	10.555	APE40254, APE41108	239,386 \$ 282,006
School Breakfast Program	10.553	APE40253	71,985
Total Child Nutrition Cluster			353,991
Pandemic EBT Administrative Costs	10.649	DOE865560000	1,020
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE43841	119,964
Total Department of Agriculture			<u>\$ 599,930</u>
DEPARTMENT OF TREASURY:			
Pass through payments from:			
Virginia Department of Accounts:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	<u>\$ 274,836</u>
DEPARTMENT OF TRANSPORTATION:			
Pass-through payments from:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2022-52068-22068 BSC-2023-53066-23066	<u>\$ 2,003</u>
FEDERAL COMMUNICATIONS COMMISSION			
Direct payments:			
COVID-19 Emergency Connectivity Fund Program	32.009	Not applicable	<u>\$ 72,496</u>
DEPARTMENT OF HOMELAND SECURITY:			
Pass-through payments from:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMP-2022-EP-00006	\$ 7,500
Homeland Security Grant Program	97.067	EMW-2020-SS-00096	5,400
Total Department of Homeland Security			<u>\$ 12,900</u>

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

Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION:			
Direct Payments:			
Impact Aid	84.041	Not applicable	\$ 52,420
Rural and Low-income School Program	84.358B	Not applicable	23,261
Pass-through payments from:			
Virginia Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	APE42901	189,026
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	APE43071	\$ 175,630
COVID-19 Special Education - Grants to States	84.027	APE40287	34,914
Special Education - Preschool Grants	84.173	APE62521	\$ 7,245
COVID-19 Special Education - Preschool Grants	84.173	APE40286	2,553
Total Special Education Cluster (IDEA)			9,798
Career and Technical Education: Basic Grants to States	84.048	APE60031	13,600
Student Support and Academic Enrichment Program	84.424	APE60281	28,514
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE41112, APE50185, APE50195, APE60173	269,441
COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	APE50193	632,762
Supporting Effective Instruction State Grants	84.367	APE61480	25,627
Total Department of Education			\$ 1,454,993
Total Expenditures of Federal Awards			\$ 2,976,648

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 County of Craig, Virginia and its discretely presented component units 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 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 the 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, County of Craig, Virginia did not report any commodity inventory, as it was immaterial to the financials.

Note 4 -- Subrecipients

No awards were passed through to subrecipients.

Note 5 -- US Health and Human Services Provider Relief Funds (PRF)

Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2023 SEFA is based upon the PRF reporting portal guidelines for Periods 2 and 3, as specified by HHS.

Note 6 -- Relationship to the Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary Government:	
General Fund	\$ 1,096,463
Less: Payment in lieu of taxes	(369,520)
Total Primary Government	\$ 726,943
Component Unit School Board:	
School Operating Fund	\$ 1,894,694
School Cafeteria Fund	355,011
Total Component Unit School Board	\$ 2,249,705
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 2,976,648

County of Craig, 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?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I - Grants to Local Education 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?	No

County of Craig, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II - Financial Statement Findings

2023-001 - Material Weakness

Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The County and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; and Accounts Payable and Payroll at the School Board.
Cause:	The County and School Board lack the funding to fully support a completely segregated finance department.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	Management should further try to segregate duties amongst current staff to help alleviate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal controls over the functions listed above lack proper segregation of duties; however, to alleviate same would require additional staff. Due to cost constraints, the County and School Board have decided not to address the aforementioned internal control deficiency.

2023-002 - Material Weakness

Criteria:	An auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, proposed adjustments that were material to the financial statements were necessary.
Cause:	The County and School Board do not have proper controls in place to detect and correct adjustments in closing their year end financial statements.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.

County of Craig, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II - Financial Statement Findings (Continued)

2023-002 - Material Weakness (continued)

Recommendation: The County and School Board should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Management's Response: The County and School Board will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings to report.

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

Finding 2022-001 repeated in the current year as 2023-001.