

# FINANCIAL STATEMENTS



COUNTY OF SMYTH, VIRGINIA

FOR THE YEAR ENDED  
JUNE 30, 2024

**COUNTY OF SMYTH, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**

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COUNTY OF SMYTH, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2024

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## INTRODUCTORY SECTION

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# COUNTY OF SMYTH, VIRGINIA

## BOARD OF SUPERVISORS

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Michael Sturgill, Vice Chair  
Rick Billings  
Kristopher Ratliff, DPh

Charles Atkins, Chair

Courtney Widener  
Jason Parris  
Roscoe D. Call

## COUNTY SCHOOL BOARD

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Todd Williams, Vice Chair  
Paul Grinstead  
William Combs

Susan Williams, Chair

Joseph Johnson  
C.M. "Mac" Buchanan  
Kyle Rhodes

## SOCIAL SERVICES BOARD

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Tom Hess  
Norma Teaters  
Patsy Waddle

Kim Daughtery, Chair

Wanda Sanderson  
Blake Frazier  
Susan Snead

## OTHER OFFICIALS

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Judge of the Circuit Court ..... Eric Thiessen  
Sage B. Johnson  
Deanis L. Simmons  
Frederick A. Rowlett  
Clerk of the Circuit Court ..... John H. Graham  
Judge of the General District Court ..... Travis B. Lee  
Jeffrey Lynn Campbell  
Robert L. Hobbs  
Judge of the Juvenile & Domestic Relations Court ..... Florence A. Powell  
Joseph B. Lyle  
Richard S. Buddington Jr.  
Commonwealth's Attorney ..... Phillip "Bucky" Blevins  
Commissioner of the Revenue ..... Bradley Powers  
Treasurer ..... Tom Burkett  
Sheriff ..... Chip Shuler  
Superintendent of Schools ..... Dr. Dennis Carter  
Director of Social Services ..... Chris Austin  
County Administrator ..... Shawn Utt

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

## **Independent Auditors' Report**

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**To the Honorable Members of the Board of Supervisors  
County of Smyth, Virginia  
Marion, Virginia**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Smyth, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County'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, the business-type activities, the discretely presented component units - Library and EDA, each major fund, and the aggregate remaining fund information of the County of Smyth, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Smyth, 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 Principle***

As described in Note 28 to the financial statements, in 2024 the County adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

#### ***Restatement of Beginning Balances***

As described in Note 29 to the financial statements, in 2024, the Component Unit School Board restated beginning balances to include Marion Senior High School and Northwood High School Activity Funds, which were previously excluded from the financial statements.

#### ***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.

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 Smyth, 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 Smyth, 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 Smyth, 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 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 Smyth, 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 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 22, 2024, on our consideration of County of Smyth, 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 Smyth, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Smyth, Virginia's internal control over financial reporting and compliance.

*Robinson, Jarmon, Cox, Associates*

Blacksburg, Virginia  
November 22, 2024

## Basic Financial Statements

County of Smyth, Virginia  
Statement of Net Position  
June 30, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Library	EDA
<b>ASSETS</b>						
Cash and cash equivalents	\$ 18,374,887	\$ -	\$ 18,374,887	\$ 3,699,561	\$ 397,500	\$ 1,025,874
Investments	554,258	-	554,258	846,824	35,798	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	28,294,030	-	28,294,030	-	-	-
Accounts receivable	1,355,241	287,475	1,642,716	343,055	-	-
Leases receivable	-	-	-	-	-	317,074
Loan receivable	3,000,000	-	3,000,000	-	-	-
Due from component unit	1,341,882	-	1,341,882	-	-	-
Due from primary government	-	-	-	7,973,886	-	-
Due from other governmental units	2,777,345	-	2,777,345	2,503,719	-	-
Inventories	-	-	-	68,600	-	-
Prepaid items	198,917	-	198,917	672,917	13,328	-
Advances to component unit	1,505,877	-	1,505,877	-	-	-
Restricted assets:						
Investments	-	-	-	-	18,809	-
Cash and cash equivalents - unspent bond proceeds	13,423,490	-	13,423,490	-	-	-
Investments - unspent bond proceeds	8,286,416	-	8,286,416	-	-	-
Capital assets not being depreciated	5,128,366	44,831	5,173,197	1,151,447	-	137,688
Capital assets, net of accumulated depreciation/amortization	40,810,976	18,045,998	58,856,974	12,395,541	12,676	3,923,733
Total assets	\$ 125,051,685	\$ 18,378,304	\$ 143,429,989	\$ 29,655,550	\$ 478,111	\$ 5,404,369
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	\$ 791,328	\$ -	\$ 791,328	\$ -	\$ -	\$ -
Pension related items	1,624,268	51,611	1,675,879	8,665,019	64,090	-
OPEB related items	548,416	17,501	565,917	1,500,183	21,416	-
Total deferred outflows of resources	\$ 2,964,012	\$ 69,112	\$ 3,033,124	\$ 10,165,202	\$ 85,506	\$ -
<b>LIABILITIES</b>						
Accounts payable	\$ 1,255,558	\$ 170,742	\$ 1,426,300	\$ 494,991	\$ -	\$ 24,796
Accrued liabilities	-	-	-	5,939,370	25,068	-
Accrued wages and health claims	209,884	-	209,884	-	-	-
Customers' deposits	-	1,914	1,914	-	-	-
Accrued interest payable	489,599	50,088	539,687	-	-	-
Due to primary government	-	-	-	-	-	1,341,882
Due to component unit	7,973,886	-	7,973,886	-	-	-
Cash bond held in escrow	26,875	-	26,875	-	-	-
Unearned revenue	-	-	-	2,200,000	-	-
Advances from primary government	-	-	-	-	-	1,505,877
Long-term liabilities:						
Due within one year	3,964,301	644,503	4,608,804	413,912	36,015	36,691
Due in more than one year	57,471,235	7,264,237	64,735,472	35,973,304	244,041	861,896
Total liabilities	\$ 71,391,338	\$ 8,131,484	\$ 79,522,822	\$ 45,021,577	\$ 305,124	\$ 3,771,142
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue-property taxes	\$ 25,249,828	\$ -	\$ 25,249,828	\$ -	\$ -	\$ -
Property taxes paid in advance	402,565	-	402,565	-	-	-
Pension related items	752,647	34,979	787,626	3,933,230	37,657	-
OPEB related items	516,877	16,495	533,372	1,856,183	20,109	-
Lease related items	-	-	-	-	-	309,639
Total deferred inflows of resources	\$ 26,921,917	\$ 51,474	\$ 26,973,391	\$ 5,789,413	\$ 57,766	\$ 309,639
<b>NET POSITION</b>						
Net investment in capital assets	\$ 14,091,455	\$ 10,381,890	\$ 24,473,345	\$ 13,498,087	\$ 12,676	\$ 1,656,957
Restricted (See note 27)	24,109,835	-	24,109,835	2,694,729	18,809	-
Unrestricted (Deficit)	(8,498,848)	(117,432)	(8,616,280)	(27,183,054)	169,242	(333,369)
Total net position	\$ 29,702,442	\$ 10,264,458	\$ 39,966,900	\$ (10,990,238)	\$ 200,727	\$ 1,323,588

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

County of Smyth, Virginia  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	School Board	Library EDA
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 6,801,080	\$ 268,425	\$ 1,151,639	\$ -	\$ (5,381,016)	\$ -	\$ -	\$ -
Judicial administration	2,624,613	670,590	1,156,964	-	(797,059)	-	-	-
Public safety	12,403,962	826,426	3,487,904	-	(8,089,632)	-	-	-
Public works	2,751,969	1,341,472	260,421	-	(1,150,076)	-	-	-
Health and welfare	10,974,941	-	8,502,513	-	(2,472,428)	-	-	-
Education	10,663,357	-	-	-	(10,663,357)	-	-	-
Parks, recreation, and cultural	1,362,412	-	-	-	(1,362,412)	-	-	-
Community development	485,124	-	-	-	(485,124)	-	-	-
Interest on long-term debt	1,633,766	-	-	-	(1,633,766)	-	-	-
Total governmental activities	\$ 49,701,224	\$ 3,106,913	\$ 14,559,441	\$ -	\$ (32,034,870)	\$ -	\$ -	\$ -
<b>Business-type activities:</b>								
Water and sewer	\$ 3,662,928	\$ 2,434,929	\$ -	\$ -	\$ -	(1,227,999)	\$ -	\$ -
Total primary government	\$ 53,364,152	\$ 5,541,842	\$ 14,559,441	\$ -	\$ (32,034,870)	\$ (1,227,999)	\$ -	\$ -
<b>COMPONENT UNITS:</b>								
School Board	\$ 59,183,068	\$ 2,960,803	\$ 53,465,646	\$ -	\$ -	\$ -	\$ (2,756,619)	\$ -
Library	1,108,204	9,746	1,047,991	-	-	-	-	(50,467)
Economic Development Authority	869,459	77,516	100,323	-	-	-	-	-
Total component units	\$ 61,160,731	\$ 3,048,065	\$ 54,613,960	\$ -	\$ -	\$ -	\$ (2,756,619)	\$ (50,467)
<b>General revenues:</b>								
General property taxes					\$ 21,431,483	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					3,029,424	-	-	-
Consumers' utility taxes					639,896	-	-	-
Motor vehicle taxes					460,650	-	-	-
Taxes on recordation and wills					132,965	-	-	-
Restaurant food taxes					94,350	-	-	-
Other local taxes					372,185	-	-	-
Unrestricted revenues from the use of money					1,402,058	-	37,145	63
Miscellaneous					1,123,442	21,746	1,640	33,491
Grants and contributions not restricted to specific programs					3,203,711	-	9,771,688	-
Transfers					(233,360)	233,360	-	-
Total general revenues and transfers					\$ 31,656,804	\$ 255,106	\$ 9,810,473	\$ 33,554
Change in net position					\$ (378,066)	\$ (972,893)	\$ 7,093,854	\$ (16,913)
Net position (deficit) - beginning, as previously reported					30,080,508	11,237,351	(18,372,018)	217,640
Adjustments					-	-	327,926	-
Net position (deficit) - beginning, as restated					\$ 30,080,508	\$ 11,237,351	\$ (18,044,092)	\$ 217,640
Net position (deficit) - ending					\$ 29,702,442	\$ 10,264,458	\$ (10,990,238)	\$ 200,727
								\$ 1,323,588

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

County of Smyth, Virginia  
Balance Sheet  
Governmental Fund  
June 30, 2024

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 18,374,887
Investments	554,258
Receivables (net of allowance for uncollectibles):	
Taxes receivable	28,294,030
Accounts receivable	1,355,241
Loan receivable	3,000,000
Due from component unit	1,341,882
Due from other governmental units	2,777,345
Prepaid items	198,917
Advances to component unit	1,505,877
Restricted assets:	
Cash and cash equivalents - unspent bond proceeds	13,423,490
Investments - unspent bond proceeds	8,286,416
Total assets	<u>\$ 79,112,343</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,255,558
Accrued liabilities	209,884
Due to component unit	7,973,886
Cash bond held in escrow	26,875
Total liabilities	<u>\$ 9,466,203</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue-property taxes	\$ 28,029,057
Property taxes paid in advance	402,565
Unavailable revenue-opioid settlement	970,049
Total deferred inflows of resources	<u>\$ 29,401,671</u>
<b>FUND BALANCES</b>	
Nonspendable:	
Prepaid items	\$ 198,917
Loan receivable	3,000,000
Restricted (See note 27)	23,139,785
Committed:	
Animal control	7,324
Public safety	187,889
Unassigned	13,710,554
Total fund balances	<u>\$ 40,244,469</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,112,343</u>

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

County of Smyth, Virginia  
Reconciliation of the Balance Sheet of Governmental Fund  
To the Statement of Net Position  
June 30, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Fund	\$	40,244,469
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not depreciated	\$	5,128,366
Capital assets being depreciated	<u>40,810,976</u>	45,939,342
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	\$	2,779,229
Unavailable revenue - opioid settlement	<u>970,049</u>	3,749,278
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Deferred charge on refunding	\$	791,328
Pension related items	1,624,268	
OPEB related items	<u>548,416</u>	2,964,012
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$	(47,553,405)
Bond premium (to be amortized over life of debt)	(1,736,849)	
School construction bonds	(4,795,446)	
Loans payable	(263,421)	
Accrued interest payable	(489,599)	
Landfill postclosure liability	(400,759)	
Compensated absences	(1,036,797)	
Net pension liability	(3,388,195)	
Net OPEB liabilities	<u>(2,260,664)</u>	(61,925,135)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(752,647)
OPEB related items	<u>(516,877)</u>	(1,269,524)
Net position of governmental activities	<u>\$</u>	<u>29,702,442</u>

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



County of Smyth, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Fund  
For the Year Ended June 30, 2024

	<u>General</u>
<b>REVENUES</b>	
General property taxes	\$ 21,461,132
Other local taxes	4,729,470
Permits, privilege fees, and regulatory licenses	138,320
Fines and forfeitures	658,256
Revenue from the use of money and property	1,601,579
Charges for services	2,110,816
Miscellaneous	700,681
Recovered costs	711,701
Intergovernmental	18,223,855
Total revenues	<u>\$ 50,335,810</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 6,540,746
Judicial administration	2,094,765
Public safety	13,539,994
Public works	3,663,993
Health and welfare	10,991,411
Education	10,338,174
Parks, recreation, and cultural	1,451,907
Community development	335,309
Capital projects	1,204,182
Debt service:	
Principal retirement	2,779,736
Interest and other fiscal charges	1,833,330
Issuance cost	291,844
Total expenditures	<u>\$ 55,065,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,729,581)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	\$ (233,360)
Issuance of general obligation bonds	13,351,210
Total other financing sources (uses)	<u>\$ 13,117,850</u>
Net change in fund balances	\$ 8,388,269
Fund balances - beginning	31,856,200
Fund balances - ending	<u><u>\$ 40,244,469</u></u>

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

County of Smyth, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Fund  
to the Statement of Activities  
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental fund	\$	8,388,269
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. These are the details of items supporting this adjustment:		
Capital outlays	\$ 3,726,753	
Depreciation expenses	<u>(2,496,357)</u>	1,230,396
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ (29,649)	
Opioid settlement	<u>422,761</u>	393,112
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued or incurred:		
Issuance of refunding bonds	\$ (12,317,262)	
Premium GO bonds	(1,033,948)	
Increase in accrued landfill closure/postclosure liability	(14,739)	
Principal repayments:		
General obligation bonds	1,862,218	
School construction bonds	628,677	
Loans payable	<u>288,841</u>	(10,586,213)
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	\$ 309,853	
Change in accrued interest payable	(172,901)	
Change in pension related items	(126,899)	
Change in OPEB related items	(17,289)	
Amortization of bond premium	302,522	
Amortization of deferred charge on refunding	<u>(98,916)</u>	196,370
Change in net position of governmental activities	<u>\$</u>	<u>(378,066)</u>

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

County of Smyth, Virginia  
Statement of Net Position  
Proprietary Fund  
June 30, 2024

	<u>Enterprise Fund Water and Sewer</u>
<b>ASSETS</b>	
Current assets:	
Accounts receivable, net of allowance for uncollectibles	\$ 287,475
Total current assets	<u>\$ 287,475</u>
Noncurrent assets:	
Capital assets not being depreciated	\$ 44,831
Capital assets, net of accumulated depreciation	18,045,998
Total capital assets	<u>\$ 18,090,829</u>
Total noncurrent assets	<u>\$ 18,090,829</u>
Total assets	<u>\$ 18,378,304</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 51,611
OPEB related items	17,501
Total deferred outflows of resources	<u>\$ 69,112</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 170,742
Customers' deposits	1,914
Accrued interest payable	50,088
Compensated absences - current portion	14,506
Bonds payable - current portion	629,997
Total current liabilities	<u>\$ 867,247</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 4,835
Bonds payable - net of current portion	7,078,942
Net OPEB liabilities	72,155
Net pension liability	108,305
Total noncurrent liabilities	<u>\$ 7,264,237</u>
Total liabilities	<u>\$ 8,131,484</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 34,979
OPEB related items	16,495
Total deferred inflows of resources	<u>\$ 51,474</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 10,381,890
Unrestricted (deficit)	(117,432)
Total net position	<u><u>\$ 10,264,458</u></u>

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

County of Smyth, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2024

	Enterprise Fund Water and Sewer
<b>OPERATING REVENUES</b>	
Charges for services:	
Water and sewer revenues	\$ 2,372,220
Connection fees	12,750
Penalties	16,397
Service charges	28,662
Application fees	4,900
Miscellaneous	21,746
Total operating revenues	<u>\$ 2,456,675</u>
<b>OPERATING EXPENSES</b>	
Personnel services	\$ 530,330
Water purchases	526,669
Water and wastewater service	579,771
Automotive expenses	49,063
Office supplies	25,932
Uniforms	3,369
Utilities	69,649
Permits	12,261
Postage	946
Telephone	9,766
Maintenance supplies	78,390
Repair and maintenance	57,393
Capital projects	39,654
Miscellaneous	39,455
Depreciation	1,458,566
Total operating expenses	<u>\$ 3,481,214</u>
Operating income (loss)	<u>\$ (1,024,539)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	<u>\$ (181,714)</u>
Income (loss) before transfers	<u>\$ (1,206,253)</u>
Transfers in	<u>\$ 233,360</u>
Change in net position	<u>\$ (972,893)</u>
Total net position - beginning	11,237,351
Total net position - ending	<u><u>\$ 10,264,458</u></u>

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

County of Smyth, Virginia  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2024

	<b>Enterprise Fund Water and Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 2,607,262
Payments to suppliers	(1,397,047)
Payments to employees	(539,562)
Net cash provided by (used for) operating activities	<u>\$ 670,653</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	<u>\$ 233,360</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to utility plant	\$ (89,519)
Principal payments on bonds	(541,845)
Interest payments	(272,649)
Net cash provided by (used for) capital and related financing activities	<u>\$ (904,013)</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (1,024,539)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 1,458,566
(Increase) decrease in accounts receivable	150,587
(Increase) decrease in deferred outflows of resources	4,323
Increase (decrease) in accounts payable	95,271
Increase (decrease) in compensated absences	(5,855)
Increase (decrease) in net OPEB liabilities	1,681
Increase (decrease) in net pension liability	19,300
Increase (decrease) in deferred inflows of resources	(28,681)
Total adjustments	<u>\$ 1,695,192</u>
Net cash provided by (used for) operating activities	<u><u>\$ 670,653</u></u>

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

County of Smyth, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2024

	Custodial Funds
	<u>Special Welfare Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 44,257
Investments	44,219
Receivables:	
Local receivable	900
Total assets	<u>\$ 89,376</u>
<b>NET POSITION</b>	
Restricted	\$ 89,376
Total net position	<u><u>\$ 89,376</u></u>

County of Smyth, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2024

	Custodial Funds
	<u>Special Welfare Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Expenditure reimbursements	\$ 71,686
Miscellaneous	1,886
Total contributions	<u>\$ 73,572</u>
<b>DEDUCTIONS</b>	
Checks for SS & SSI Recipients	\$ 46,951
Special Welfare	66,439
Total deductions	<u>\$ 113,390</u>
Net increase (decrease) in fiduciary net position	\$ (39,818)
Total net position - beginning	129,194
Total net position - ending	<u><u>\$ 89,376</u></u>

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

COUNTY OF SMYTH, VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the County of Smyth, 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 of Smyth, Virginia (government) is a municipal corporation governed by an elected seven-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 both legally and substantively separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County’s discretely presented component units.

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

The Smyth County Economic Development Authority (“EDA”) encourages and provides financing for industrial development in the County. The EDA board members are appointed by the Board of Supervisors. The EDA is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the EDA does not have separate taxing powers. The EDA is presented as an enterprise fund type. The EDA does not issue separate financial statements.

The Smyth County Public Library (“Library”) was originally established as a jointly owned regional library by the counties of Smyth and Bland, Smyth-Bland Regional Library, located in Marion, Virginia with three branches in Chilhowie, Saltville, and Bland. Starting in fiscal year 2018, the Library is no longer regional. The County provides funding annually to the library to fund capital and operating expenditures. The County owns the library building and reports it and other operating equipment purchased for the library in the government-wide statements. As a result, there is a fiscal dependency on the county. The Library issues separate financial statements that can be obtained by contacting the Library at 118 S. Sheffey Street, Marion, VA 24354.

Related Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Mount Rogers Community Services Board and Appalachian Juvenile Commission. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2024, the County contributed \$195,982 to the Community Services Board and \$110,976 to the Juvenile Commission. The County does not have any ongoing financial responsibility for these organization.



**Note 1-Summary of Significant Accounting Policies: (Continued)**

A. Financial Reporting Entity (Continued)

Jointly Governed/Joint Venture Organizations - The County, in conjunction with other localities, participates in supporting the following:

The Counties of Smyth and Wythe and the Towns of Marion and Wytheville established the Smyth-Wythe Airport Commission. For the year ended June 30, 2024, the County contributed \$44,232 to the Airport Commission.

The Counties of Smyth, Buchanan, Dickenson, Lee, Russell, Scott, Washington, Wise, and the City of Norton established the Southwest Virginia Regional Jail Authority for the purpose of constructing and operating a jail facility for the participating localities. For the year ended June 30, 2024, The County paid fees in the amount of \$2,262,245 to the Authority.

The Counties of Smyth, Washington, and Bland established the Pathway Regional Industrial Facility Authority (PRIFA) for the purpose of promoting economic development in the region. For the year ended June 30, 2024, the County contributed \$15,000 to the PRIFA.

B. Government-wide and fund financial statements

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

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

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

**Note 1-Summary of Significant Accounting Policies: (Continued)**

B. Government-wide and fund financial statements (Continued)

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, if any, are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and 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 liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

**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 fund:

The *General Fund* is the government's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in other funds.

The government reports the following major proprietary fund:

The County operates a sewage collection and treatment system and a water distribution system in conjunction with the Towns. The activities of the County's portion of the system are accounted for in the Water and Sewer Fund.

Additionally, the government reports the following fund types:

*Fiduciary funds* account for and report assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The custodial fund includes the Special Welfare Fund.

The School Board reports the following major fund types:

The *School Operating 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 appropriations from the County and state and federal grants.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Note 1-Summary of Significant Accounting Policies: (Continued)**

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Receivables and Payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,533,920 at June 30, 2024. The allowance consists of delinquent taxes in the amount of \$365,828 and delinquent water and sewer bills of \$1,168,092.

6. Use of Estimates

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

7. 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. 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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 1-Summary of Significant Accounting Policies: (Continued)**

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

8. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

Assets	Years
Buildings and improvements	20-40
Machinery and equipment	3-20
Water and wastewater systems	20-40
Infrastructure	30-35
Right-to-use lease machinery and equipment	4-5

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

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

9. Long-term Obligations

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

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

10. Fund Balance

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

- Nonspendable -amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund).
- Restricted -amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed -amounts that can be used only for specific purposes determined by the adoption of an ordinance committing fund balance for a specific purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- Assigned -amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned -amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**Note 1-Summary of Significant Accounting Policies: (Continued)**

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

11. Net Position

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

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

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

12. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used in governmental funds to report prepaid items.

13. Restricted Assets

Restricted assets consist of cash and cash equivalents that are legally restricted for use by enabling state legislation, grant awards or lease agreements.

14. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

**Note 1-Summary of Significant Accounting Policies: (Continued)**

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

15. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivables are reported in the governmental funds balance sheet. The property tax amount is comprised of taxes levied during the fiscal year but due after June 30<sup>th</sup>, prepaid tax amounts, and uncollected property taxes due prior to June 30 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, levied amounts due after June 30<sup>th</sup> and prepaid tax amounts 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.

16. 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 Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. Other Postemployment Employee Benefits (OPEB)

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



**Note 1-Summary of Significant Accounting Policies: (Continued)**

**E. Leases**

The School Board and EDA have various lease assets 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.

*Lessor*

The EDA recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

*Lessee*

The School Board recognizes lease liabilities and intangible right-to-use lease assets (lease assets) 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.

*Key Estimates and Judgments*

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

- The School Board and EDA use the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the School Board and EDA use an estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease 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 incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The School Board and EDA monitor changes in circumstances that would require a remeasurement or modification of its leases. The School Board and EDA will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Water and Sewer Fund, and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or categorical level (School Board). Only the Board of Supervisors can revise the appropriation for each department or fund. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, School Board appropriations are made at categorical level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
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.

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2024, the general fund and water and sewer fund had excess of expenditures over appropriations.

C. Deficit fund balance

At June 30, 2024, no funds reported negative fund balance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 3-Deposits and Investments:**

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

**Investments:** Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following rates: 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).

**Interest Rate Risk**

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Type	Investments Maturities (in years)		
	Fair Value	<1 Year	1-5 Years
Certificates of Deposit	\$ 9,731,717	\$ 6,260,886	\$ 3,470,831
SNAP	12,983,972	12,987,972	-
Total	\$ 22,715,689	\$ 19,248,858	\$ 3,470,831

**Custodial Credit Risk**

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth’s Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County’s name.

The County’s rated debt investments as of June 30, 2024, 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	
	Unrated	AAAm
Certificates of Deposit	\$ 9,731,717	\$ -
SNAP	-	12,987,972

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 4-Due from Other Governmental Units:**

The following represents amounts due from other governments at year-end:

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 525,683	\$ -
Categorical aid-State sales tax	-	464,900
Categorical aid-Other	593,520	401,039
Non-categorical aid	774,057	-
Categorical aid-Virginia Public Assistance	218,608	-
Categorical aid-Comprehensive Services Act	318,346	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	267,604	-
Categorical aid-Other	79,527	1,637,780
Totals	<u>\$ 2,777,345</u>	<u>\$ 2,503,719</u>

**Note 5-Component-Unit Contributions and Obligations:**

Primary government contributions to component units for the year ended June 30, 2024, consisted of payments to the School Board and Library of \$10,164,617 and \$750,000, respectively.

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ 7,973,886	\$ 1,341,882
<u>Component Unit:</u>		
School Board	\$ -	\$ 7,973,886
EDA	1,341,882	-
Totals	<u>\$ 9,315,768</u>	<u>\$ 9,315,768</u>

**Note 6-Interfund Transfers:**

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 233,360
Water and Sewer Fund	233,360	-
Total	<u>\$ 233,360</u>	<u>\$ 233,360</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 and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 6-Interfund Transfers: (Continued)**

Details of advanced to component unit amounts are as follows:

Smyth County Economic Development Authority

During fiscal year 2023, \$1,505,877 was advanced to the Authority for the purchase of the Teleperformance Building. The Board of Supervisors has agreed to defer any monthly installment payments due until the maturity date of June 30, 2025, or until such time as the parties may agree. The amount is not included in the due to/from totals reported above.

**Note 7-Long-Term Obligations:**Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2024.

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 37,365,623	\$ 12,050,000	\$ (1,862,218)	\$ 47,553,405
Unamortized Premiums	1,005,423	1,033,948	(302,522)	1,736,849
School Construction Bonds	5,424,123	-	(628,677)	4,795,446
Loans payable	285,000	267,262	(288,841)	263,421
Landfill closure/post-closure liability	386,020	14,739	-	400,759
Compensated absences	1,346,650	700,135	(1,009,988)	1,036,797
Net OPEB liabilities	2,113,079	430,069	(282,484)	2,260,664
Net pension liability	2,668,715	5,047,629	(4,328,149)	3,388,195
Total	<u>\$ 50,594,633</u>	<u>\$ 19,543,782</u>	<u>\$ (8,702,879)</u>	<u>\$ 61,435,536</u>

For governmental activities, the net pension liability, net OPEB liabilities, compensated absences and the landfill closure/post-closure liability are generally liquidated in the General Fund.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2025	\$ 2,938,679	\$ 1,916,877
2026	3,580,159	1,813,094
2027	3,743,219	1,670,303
2028	3,877,465	1,520,269
2029	4,022,689	1,377,622
2030-2034	17,397,385	4,898,234
2035-2039	8,643,676	2,704,716
2040-2044	4,214,000	1,328,385
2045-2048	4,195,000	453,544
Totals	<u>\$ 52,612,272</u>	<u>\$ 17,683,044</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024**

**Note 7-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Obligations: (Continued)**

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>General Obligation Bonds:</u>						
School construction GO Bonds (3)	4.100-5.600%	11/10/2004	2024	\$ 117,994	\$ 7,405	\$ 7,405
General Obligation bond series 2014C	2.050-5.050%	11/20/2014	2036	10,970,000	7,250,000	710,000
General Obligation bond series 2017 (3)	2.000-5.000%	4/26/2017	2032	17,980,000	15,420,000	1,395,000
General Obligation bond series 2022A	2.48%	5/19/2022	2031	673,000	506,000	86,000
General Obligation bond series 2022A	2.48%	5/19/2022	2037	1,960,000	1,820,000	64,000
General Obligation bond series 2023	3.86%	5/10/2023	2040	10,500,000	10,500,000	-
General Obligation bond series 2024A (1)	4.299-5.125%	5/15/2024	2048	12,050,000	12,050,000	-
Total General Obligation Bonds					<u>\$ 47,553,405</u>	<u>\$ 2,262,405</u>
<u>Bond Premiums:</u>						
Unamortized premium on issuance	n/a	n/a	n/a	n/a	\$ 136,454	\$ 51,282
Unamortized premium on issuance	n/a	n/a	n/a	n/a	244	244
Unamortized premium on issuance	n/a	n/a	n/a	n/a	566,203	196,498
Unamortized premium on issuance	n/a	n/a	n/a	n/a	1,033,948	-
Total bond premiums					<u>\$ 1,736,849</u>	<u>\$ 248,024</u>
<u>School Construction QSCB Bonds: (3)</u>						
School construction	0.000%	10/31/2012	2034	\$ 2,170,893	\$ 3,710,000	\$ 530,000
School construction	0.000%	12/15/2011	2031	9,500,000	1,085,446	98,677
Total School Construction Bonds					<u>\$ 4,795,446</u>	<u>\$ 628,677</u>
<u>Loans Payable:</u>						
Loader (1)(2)	5.90%	5/21/2024	2029	267,262	\$ 263,421	\$ 47,597
<u>Other Long-term Obligations:</u>						
Landfill closure/post-closure liability	n/a	n/a	n/a	n/a	\$ 400,759	\$ -
Compensated absences	n/a	n/a	n/a	n/a	1,036,797	777,598
Net pension liability	n/a	n/a	n/a	n/a	3,388,195	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,260,664	-
Total Other Long-term Obligations					<u>\$ 7,086,415</u>	<u>\$ 777,598</u>
Total Long-term Obligations					<u>\$ 61,435,536</u>	<u>\$ 3,964,301</u>

(1) In the event of default, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.

(2) Issuance is secured by the underlying asset that was purchased with proceeds of issuance.

(3) Subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 7-Long-Term Obligations: (Continued)**Primary Government - Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2024.

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Direct Borrowings and Placements:				
GO Bonds	\$ 3,610,260	\$ -	\$ (86,398)	\$ 3,523,862
Revenue Bonds	4,404,478	-	(455,447)	3,949,031
Unamortized Premiums	314,756	-	(78,710)	236,046
Compensated absences	25,196	13,042	(18,897)	19,341
Net OPEB liabilities	70,474	13,521	(11,840)	72,155
Net pension liability	89,005	161,332	(142,032)	108,305
Total	<u>\$ 8,514,169</u>	<u>\$ 187,895</u>	<u>\$ (793,324)</u>	<u>\$ 7,908,740</u>

For business-type activities, the net pension liability, net OPEB liabilities, and compensated absences are generally liquidated in the Water and Sewer Fund.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2025	\$ 564,720	\$ 248,371
2026	592,459	223,702
2027	615,286	198,545
2028	638,097	173,227
2029	656,204	148,292
2030-2034	1,628,141	505,694
2035-2039	904,457	308,622
2040-2044	733,970	196,922
2045-2049	496,520	102,394
2050-2054	345,172	50,614
2055-2058	297,867	13,092
Totals	<u>\$ 7,472,893</u>	<u>\$ 2,169,475</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 7-Long-Term Obligations: (Continued)****Primary Government - Business-type Activities Obligations: (Continued)****Details of long-term obligations:**

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
GO Bonds: (2)						
Rural Development GO Bond	3.250%	2/14/2005	2045	\$ 1,500,000	\$ 1,030,147	\$ 36,107
Rural Development GO Bond	4.000%	2/11/2010	2049	123,500	95,027	2,326
Rural Development GO Bond	2.750%	2/11/2010	2049	121,500	93,051	2,691
Rural Development GO Bond	4.500%	2/13/2009	2048	500,000	407,984	9,364
Rural Development GO Bond	2.125%	6/21/2018	2058	2,044,000	1,897,653	38,535
Subtotal GO Bonds					<u>\$ 3,523,862</u>	<u>\$ 89,023</u>
Revenue Bonds: (1)						
VRA Revenue Bond	2.500%	10/17/2001	2032	113,300	\$ 46,148	\$ 5,279
VRA Revenue Bond	0.000%	3/5/2004	2034	503,049	174,633	16,768
VRA Revenue Bond	0.000%	11/26/2008	2029	473,000	118,250	23,650
VRA Revenue Bond	3.779-5.125%	5/25/2016	2016	6,420,000	3,610,000	430,000
Unamortized premium on issuance	n/a	n/a	n/a	n/a	236,046	65,277
Subtotal Revenue Bonds					<u>\$ 4,185,077</u>	<u>\$ 540,974</u>
Other Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 19,341	\$ 14,506
Net OPEB liabilities	n/a	n/a	n/a	n/a	72,155	-
Net pension liability	n/a	n/a	n/a	n/a	108,305	-
Total Other Obligations					<u>\$ 199,801</u>	<u>\$ 14,506</u>
Total Long-term Obligations					<u>\$ 7,908,740</u>	<u>\$ 644,503</u>

(1) In the event of default, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.

(2) Subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.

In the event of default, the lender of the VRA Revenue Bonds may declare the entire unpaid principal and interest on the issuances as due and payable. The locality's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 8-Long-Term Obligations-Component Units:**Discretely Presented Component Unit - School Board Obligations:

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance
Lease liabilities	\$ 83,712	\$ -	\$ (34,811)	\$ 48,901
Net OPEB liabilities	8,733,777	1,707,652	(1,911,704)	8,529,725
Compensated absences	447,375	398,606	(335,531)	510,450
Net pension liability	26,390,478	13,523,898	(12,616,236)	27,298,140
Total	<u>\$ 35,655,342</u>	<u>\$ 15,630,156</u>	<u>\$ (14,898,282)</u>	<u>\$ 36,387,216</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2025	\$ 31,074	\$ 626
2026	13,431	276
2027	3,080	91
2028	1,316	10
Totals	<u>\$ 48,901</u>	<u>\$ 1,003</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Component Unit School Board	Amount Due Within One Year
<b>Lease Liabilities:</b>						
Konica Minolta bizhub 650i System (2 copiers)	0.33%	7/13/2021	2026	19,671	\$ 4,942	\$ 4,942
PrimeLink B9100	0.47%	6/30/2021	2026	16,253	4,099	3,277
AltaLink C8170/H2	0.47%	6/30/2021	2026	16,253	4,099	3,277
Xerox AltaLink B8170 Copier	0.33%	9/9/2021	2026	12,007	3,519	3,015
Xerox AltaLink B8170 Copier	0.33%	9/9/2021	2026	12,007	3,519	3,015
Konica Minolta bizhub 650i Copier	0.33%	9/9/2021	2026	10,134	2,970	2,545
Xerox AltaLink C8170 Copier	3.04%	12/12/2022	2027	14,689	10,277	2,898
Xerox AltaLink B8145 Copier	2.55%	7/2/2022	2026	10,717	5,256	2,837
Konica Minolta bizhub 650i System	2.55%	7/14/2022	2026	20,358	10,220	5,268
Total Lease Liabilities					<u>\$ 48,901</u>	<u>\$ 31,074</u>
<b>Other Obligations:</b>						
Net OPEB liabilities					\$ 8,529,725	\$ -
Compensated absences					510,450	382,838
Net pension liability					27,298,140	-
Total Other Obligations					<u>\$ 36,338,315</u>	<u>\$ 382,838</u>
Total Long-term Obligations					<u>\$ 36,387,216</u>	<u>\$ 413,912</u>

The leases payable, net pension liability, net OPEB liabilities, and compensated absences of the Component Unit - School Board are liquidated by the School Operating Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 8-Long-Term Obligations-Component Units: (Continued)**Discretely Presented Component Unit - EDA Obligations:

The following is a summary of long-term obligation transactions of the Component Unit-EDA for the year ended June 30, 2024.

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Direct Borrowings and Placements:				
Promissory Note	\$ 934,107	\$ -	\$ (35,520)	\$ 898,587
Total	<u>\$ 934,107</u>	<u>\$ -</u>	<u>\$ (35,520)</u>	<u>\$ 898,587</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2025	\$ 36,691	\$ 28,661
2026	37,902	27,450
2027	39,152	26,200
2028	40,444	24,908
2029	41,778	23,574
2030-2034	230,494	96,267
2035-2039	271,105	55,656
2040-2043	201,021	11,046
Totals	<u>\$ 898,587</u>	<u>\$ 293,762</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Promissory Note (2)(3)	(1)	9/19/2022	2043	\$ 960,000	\$ 898,587	\$ 36,691
Total Long-term Obligations					<u>\$ 898,587</u>	<u>\$ 36,691</u>

(1) Interest will be 3.5% for the first 60 months. The rate will change every 12th month beginning 9/19/27 and will be 0.5 percent above the Wall Street Journal US Prime Rate. The rate will be no more than 6.990% and no less than 3.25%.

(2) In the event of default, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.

(3) Issuance is secured by the underlying asset that was purchased with proceeds of issuance.

**Note 9-Pension Plan:**

***Plan Description***

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

***Benefit Structures***

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

- a. Employees with a membership date before July 1, 2020, 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, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 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 9-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.

***Employees Covered by Benefit Terms***

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Primary Government and Library</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	205	127
Inactive members:		
Vested inactive members	31	15
Non-vested inactive members	44	40
Inactive members active elsewhere in VRS	81	26
Total inactive members	156	81
Active members	202	108
Total covered employees	563	316

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 9-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 and Component Unit's contractually required employer contribution rate for the year ended June 30, 2024 was 10.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,082,612 and \$976,258 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the pension plan from the Component Unit Library were \$40,233 and \$40,047 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 8.18% 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 Component Unit School Board's nonprofessional employees were \$193,096 and \$185,387 for the years ended June 30, 2024 and June 30, 2023, respectively.

***Net Pension Liability (Asset)***

The net pension liability (asset) (NPLA) 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 (assets) were measured as of June 30, 2023. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

***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, 2022, 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, 2023.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-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 Improvement:

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, 2022 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, 2021. 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

**Note 9-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, 2022, 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, 2023.

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 Improvement:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-Pension Plan: (Continued)*****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

The actuarial assumptions used in the June 30, 2022 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-Pension Plan: (Continued)****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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

\*The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-Pension Plan: (Continued)****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, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, 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 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability (Asset)**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2022	\$ 50,370,224	\$ 47,612,504	\$ 2,757,720
Changes for the year:			
Service cost	\$ 987,113	\$ -	\$ 987,113
Interest	3,369,562	-	3,369,562
Differences between expected and actual experience	821,091	-	821,091
Impact in change in proportion	(56,411)	(53,322)	(3,089)
Contributions - employer	-	975,983	(975,983)
Contributions - employee	-	452,560	(452,560)
Net investment income	-	3,036,740	(3,036,740)
Benefit payments, including refunds	(2,762,987)	(2,762,987)	-
Administrative expenses	-	(30,605)	30,605
Other changes	-	1,219	(1,219)
Net changes	\$ 2,358,368	\$ 1,619,588	\$ 738,780
Balances at June 30, 2023	\$ 52,728,592	\$ 49,232,092	\$ 3,496,500

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-Pension Plan: (Continued)****Changes in Net Pension Liability (Asset) (Continued)**

	Component Unit Library		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 2,007,509	\$ 1,897,599	\$ 109,910
Changes for the year:			
Service cost	\$ 40,493	\$ -	\$ 40,493
Interest	138,224	-	138,224
Differences between expected and actual experience	33,682	-	33,682
Impact in change in proportion	56,411	53,322	3,089
Contributions - employer	-	40,036	(40,036)
Contributions - employee	-	18,565	(18,565)
Net investment income	-	124,571	(124,571)
Benefit payments, including refunds	(113,342)	(113,342)	-
Administrative expenses	-	(1,255)	1,255
Other changes	-	50	(50)
Net changes	\$ 155,468	\$ 121,947	\$ 33,521
Balances at June 30, 2023	\$ 2,162,977	\$ 2,019,546	\$ 143,431

	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, 2022	\$ 14,113,363	\$ 13,628,434	\$ 484,929
Changes for the year:			
Service cost	\$ 214,215	\$ -	\$ 214,215
Interest	936,654	-	936,654
Differences between expected and actual experience	(118,456)	-	(118,456)
Contributions - employer	-	185,693	(185,693)
Contributions - employee	-	113,776	(113,776)
Net investment income	-	860,945	(860,945)
Benefit payments, including refunds	(902,454)	(902,454)	-
Administrative expenses	-	(8,886)	8,886
Other changes	-	343	(343)
Net changes	\$ 129,959	\$ 249,417	\$ (119,458)
Balances at June 30, 2023	\$ 14,243,322	\$ 13,877,851	\$ 365,471

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-Pension Plan: (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County - Primary Government			
Net Pension Liability (Asset)	\$ 10,205,107	\$ 3,496,500	\$ (2,012,953)
Component Unit Library			
Net Pension Liability (Asset)	\$ 418,629	\$ 143,431	\$ (82,575)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,884,664	\$ 365,471	\$ (941,983)

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

For the year ended June 30, 2024, the County, Component Unit Library, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,208,549, \$30,926, and \$(242,250), respectively. At June 30, 2024, the County, Component Unit Library, 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 Library		Component Unit School Board (Nonprofessional)	
	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	\$ 567,276	\$ -	\$ 23,242	\$ -	\$ -	\$ 107,735
Change in assumptions	15,140	-	615	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	783,863	-	30,569	-	235,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,851	3,763	-	7,088	-	-
Employer contributions subsequent to the measurement date	1,082,612	-	40,233	-	193,096	-
Total	\$ 1,675,879	\$ 787,626	\$ 64,090	\$ 37,657	\$ 193,096	\$ 342,735

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$1,082,612, \$40,233, and \$193,096 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Library'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, 2025. 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 Library</u>	<u>School Board (Nonprofessional)</u>
2025	\$ (224,476)	\$ (15,851)	\$ (257,973)
2026	(679,826)	(27,107)	(289,435)
2027	684,446	28,112	197,007
2028	25,497	1,046	7,666

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Component Unit School Board (Professional)*****Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which 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 \$4,409,960 and \$4,204,877 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by a Chapter 2 of the Acts of Assembly 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the operating grants and contributions in the Statement of Activities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 9-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***

At June 30, 2024, the school division reported a liability of \$26,932,669 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.26647% as compared to 0.27210% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$2,365,387. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,313,539	\$ 1,051,028
Change in assumptions	1,220,952	-
Net difference between projected and actual earnings on pension plan investments	-	1,751,167
Changes in proportion and differences between employer contributions and proportionate share of contributions	527,472	788,300
Employer contributions subsequent to the measurement date	4,409,960	-
Total	<u>\$ 8,471,923</u>	<u>\$ 3,590,495</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-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)***

\$4,409,960 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, 2025. 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>	
2025	\$ (645,906)
2026	(1,528,067)
2027	2,213,909
2028	431,532

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

**Mortality rates:**

- Pre-Retirement:
  - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
  - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
  - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
  - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
  - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (Continued)**

**Component Unit School Board (Professional) (Continued)**

***Actuarial Assumptions (Continued)***

The actuarial assumptions used in the June 30, 2022 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, 2021. 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 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, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$	57,574,609
Plan Fiduciary Net Position		47,467,405
Employers' Net Pension Liability (Asset)	\$	<u>10,107,204</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.45%

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

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



**Note 9-Pension Plan: (Continued)****Component Unit School Board (Professional) (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

Rate		
1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
\$ 47,742,015	\$ 26,932,669	\$ 9,825,674

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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 Units*****Aggregate Pension Information**

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
VRS Pension Plans:	\$ 1,675,879	\$ 787,626	\$ 3,496,500	\$ 1,208,549
Component Unit Library				
VRS Pension Plans:	\$ 64,090	\$ 37,657	\$ 143,431	\$ 30,926
Component Unit School Board				
VRS Pension Plans:				
School Board Nonprofessional	\$ 193,096	\$ 342,735	\$ 365,471	\$ (242,250)
School Board Professional	8,471,923	3,590,495	26,932,669	2,365,387
Totals	\$ 8,665,019	\$ 3,933,230	\$ 27,298,140	\$ 2,123,137

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 10-Other Postemployment Benefits-Health Insurance:**

In addition to the pension benefits described in Note 9, the County and Component Unit School Board administer a single-employer defined benefit healthcare plan. The plans provide postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s and School Board’s pension plans. The plans do not issue a publicly available financial report.

***Benefits Provided***

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the County or School Board and is eligible to receive an early or regular retirement benefit from VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and School Board. Employees at the County, Library, and School Board are allowed to stay on the plan until death of the employee. The employee pays 100% of the required premium.

***Plan Membership***

At July 1, 2023 (measurement date), the following employees were covered by the benefit terms:

	<b>Primary Government and Library</b>	<b>Component Unit- School Board</b>
Total active employees with coverage	188	613
Total retirees with coverage	8	29
Total	196	642

***Contributions***

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County, Component Unit Library, and Component Unit School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$42,423, \$1,577, and \$150,000, respectively.

***Total OPEB Liability***

The County’s and School Board’s total OPEB liability was measured as of July 1, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 10-Other Postemployment Benefits-Health Insurance: (Continued)*****Actuarial Assumptions***

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

## Primary Government and Component Unit Library:

Inflation	2.50%
Healthcare Cost Trend Rates	9.91% for fiscal year end 2023 and 10.98% for fiscal year end 2024 (to reflect actual experience), then 6.50% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	3.86%

Mortality rates use RP-2014 Mortality Table, fully generated with base year 2006, using two-dimensional improvement scale MP-2021.

## Component Unit School Board:

Inflation	2.50%
Healthcare Cost Trend Rates	6.15% for fiscal year end 2023 and 10.92% for fiscal year end 2024 (to reflect actual experience), then 6.50% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	3.86%

Mortality rates use RP-2014 Mortality Table, fully generated with base year 2006, using two-dimensional improvement scale MP-2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 10-Other Postemployment Benefits-Health Insurance: (Continued)****Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from the Municipal GO AA 20-year curve. The final equivalent single discount rate used for this year's valuation is 3.86% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

**Changes in Total OPEB Liability**

	Primary Government	Component Unit Library	Component Unit School Board
Balances at June 30, 2023	\$ 1,703,121	\$ 67,879	\$ 3,534,000
Changes for the year:			
Service cost	68,456	2,544	129,000
Interest	64,599	2,401	132,000
Difference between expected and actual experience	70,384	2,616	139,000
Changes in assumptions	(31,818)	(1,182)	(50,000)
Contributions - employer	(42,423)	(1,577)	(150,000)
Change in proportionate share	4,425	(4,425)	-
Net changes	133,623	377	200,000
Balances at June 30, 2024	\$ 1,836,744	\$ 68,256	\$ 3,734,000

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

The following amounts present the total OPEB liability of the County and Component Unit-Library, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

	Rate		
	1% Decrease 2.86%	Current Discount 3.86%	1% Increase 4.86%
County	\$ 2,032,470	\$ 1,836,744	\$ 1,661,265
Component Unit Library	\$ 75,530	\$ 68,256	\$ 61,735
Component Unit School Board	\$ 4,034,000	\$ 3,734,000	\$ 3,455,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 10-Other Postemployment Benefits-Health Insurance: (Continued)*****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the County, Component Unit Library, and Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rate		
	1% Decrease (1.00%)	Current Discount 0.00%	1% Increase 1.00%
County	\$ 1,614,985	\$ 1,836,744	\$ 2,098,034
Component Unit Library	\$ 60,015	\$ 68,256	\$ 77,966
Component Unit School Board	\$ 3,347,000	\$ 3,734,000	\$ 4,179,000

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

For the year ended June 30, 2024, the County, Component Unit Library, and Component Unit School Board recognized OPEB expense in the amount of \$99,310, \$3,690, and \$(75,000), respectively. At June 30, 2024, the County, Component Unit Library, and Component Unit-School Board, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit-Library		Component Unit-School Board	
	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	\$ 208,261	\$ 130,163	\$ 7,739	\$ 4,837	\$ 119,000	\$ 703,000
Changes in assumptions	156,196	328,782	5,804	12,218	328,000	394,000
Employer contributions subsequent to the measurement date	42,423	-	1,577	-	150,000	-
Total	\$ 406,880	\$ 458,945	\$ 15,120	\$ 17,055	\$ 597,000	\$ 1,097,000

\$42,423, \$1,577, and \$150,000 was reported as deferred outflows of resources related to OPEB resulting from the County, Component Unit-Library, and Component Unit-School Board, respectively, contributions subsequent to the measurement date will be recognized as reduction of the Total OPEB liability in the fiscal year ended June 30, 2025.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 10-Other Postemployment Benefits-Health Insurance: (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)***

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Primary Government	Component Unit-Library	Component Unit- School Board
2025	\$ (36,638)	\$ (1,362)	\$ (224,000)
2026	(22,176)	(824)	(145,000)
2027	(20,248)	(752)	(156,000)
2028	(20,248)	(752)	(139,000)
2029	6,750	250	15,000
Thereafter	(1,928)	(72)	(1,000)

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

**Note 11-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.

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.

**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

***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% ( $1.31\% \times 40\%$ ). 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, 2024, was 0.54% of covered employee compensation. 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, 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 \$58,967 and \$52,608 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit Library were \$2,191 and \$2,158 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Nonprofessional) were \$14,225 and \$13,564 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Professional) were \$147,379 and \$141,192 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity did not record a proportionate share in the financial statements.

**Note 11-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 Group Life Insurance Plan OPEB***

***Primary Government GLI Program***

At June 30, 2024, the entity reported a liability of \$496,075 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County's proportion was 0.04136% as compared to 0.03991% at June 30, 2022.

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$27,270. 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 Library GLI Program***

At June 30, 2024, the entity reported a liability of \$20,349 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Component Unit Library's proportion was 0.00170% as compared to 0.00159% at June 30, 2022.

For the year ended June 30, 2024, the Component Unit Library recognized GLI OPEB expense of \$1,119. 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) GLI Program***

At June 30, 2024, the Component Unit-School Board (Nonprofessional) reported a liability of \$127,847 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Component Unit-School Board (non-professional) proportion was 0.01066% as compared to 0.01050% at June 30, 2022.

For the year ended June 30, 2024, the Component-Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$1,637. 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.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 11-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 Group Life Insurance Plan OPEB (Continued)******Component Unit School Board (Professional) GLI Program***

At June 30, 2024, the Component Unit-School Board (Professional) reported a liability of \$1,331,238 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Component Unit-School Board (professional) proportion was 0.11100% as compared to 0.11480% at June 30, 2022.

For the year ended June 30, 2024, the Component Unit School Board (Professional) recognized GLI OPEB expense of \$27,583. 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, 2024, 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 Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,546	\$ 15,058	\$ 2,032	\$ 618
Net difference between projected and actual earnings on GLI OPEB plan investments	-	19,935	-	818
Change in assumptions	10,604	34,370	435	1,410
Changes in proportionate share	39,920	5,064	1,638	208
Employer contributions subsequent to the measurement date	58,967	-	2,191	-
Total	\$ 159,037	\$ 74,427	\$ 6,296	\$ 3,054

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 11-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 Group Life Insurance Plan OPEB (Continued)***

	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
Differences between expected and actual experience	\$ 12,769	\$ 3,881	\$ 132,958	\$ 40,410
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,138	-	53,497
Change in assumptions	2,733	8,858	28,456	92,233
Changes in proportionate share	5,528	7,264	28,293	72,644
Employer contributions subsequent to the measurement date	14,225	-	147,379	-
Total	\$ 35,255	\$ 25,141	\$ 337,086	\$ 258,784

\$58,967, \$2,191, \$14,225, and \$147,379 reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit Library, Component Unit School Board (nonprofessional), and Component Unit School Board (professional)'s, respectively, 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, 2025. Other amounts recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Library	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2025	\$ 3,665	\$ 150	\$ (3,584)	\$ (29,012)
2026	(12,159)	(499)	(6,388)	(65,739)
2027	17,923	735	2,679	19,408
2028	8,181	336	1,548	1,107
2029	8,033	329	1,634	5,159

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. 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

**Mortality Rates - Teachers**

- Pre-Retirement:  
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:  
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:  
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:  
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:  
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2022 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, 2021. 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

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2022 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions (Continued)**

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

The actuarial assumptions used in the June 30, 2022 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the Group Life Insurance 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, 2023, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
		<hr/>
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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, 2024**Note 11-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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>8.25%</u>

\*The above allocation provides a one-year return of 8.25%. 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 7.14% including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**Note 11-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 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, 2023, 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 113% of the actuarially determined contribution rate. From July 1, 2023 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
<b>Proportional share of the GLI Plan Net OPEB Liability:</b>			
Primary Government	\$ 735,338	\$ 496,075	\$ 302,629
Component Unit Library	\$ 30,164	\$ 20,349	\$ 12,414
Component Unit School Board (Nonprofessional)	\$ 189,509	\$ 127,847	\$ 77,993
Component Unit School Board (Professional)	\$ 1,973,311	\$ 1,331,238	\$ 812,118

**Group Life Insurance Plan Fiduciary Net Position**

Detailed information about the Group Life Insurance Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***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, 2024 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 \$329,687 and \$315,319 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Contributions (Continued)***

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened session, and is classified as a special employer contribution. The entity did not record a proportionate share in the financial statements.

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

At June 30, 2024, the school division reported a liability of \$3,166,039 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was 0.21614% as compared to 0.26694% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$185,451. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 139,353
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	1,589	-
Change in assumptions	73,700	3,190
Change in proportionate share and differences between actual and expected contributions	68,379	182,220
Employer contributions subsequent to the measurement date	<u>329,687</u>	<u>-</u>
Total	<u>\$ 473,355</u>	<u>\$ 324,763</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)***

\$329,687 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, 2025. 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	
2025	\$ (66,734)
2026	(47,224)
2027	(21,979)
2028	(19,332)
2029	(13,057)
Thereafter	(12,769)

***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, 2022, 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, 2023.

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

**Mortality Rates - Teachers****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions (Continued)**

**Mortality Rates - Teachers: (Continued)**

The actuarial assumptions used in the June 30, 2022 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, 2021. 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, 2023, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,475,471
Plan Fiduciary Net Position		264,054
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,211,417</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		17.90%

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, 2024**Note 12-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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
		<b>Inflation</b>	<b>2.50%</b>
		<b>Expected arithmetic nominal return**</b>	<b>8.25%</b>

\*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023 the VRS Board elected a long-term rate of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**Note 12-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, 2023, 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, 2023 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	\$ 3,581,144	\$ 3,166,039	\$ 2,814,274

**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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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

**Employees Covered by Benefit Terms**

As of the June 30, 2022 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>31</u>
Inactive members:	
Vested inactive members	2
Inactive members active elsewhere in VRS	27
Total inactive members	<u>29</u>
Active members	<u>107</u>
Total covered employees	<u>167</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 Component Unit School Board’s contractually required employer contribution rate for the year ended June 30, 2024 was 1.45% 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 Component Unit School Board to the HIC Plan were \$38,152 and \$36,373 for the years ended June 30, 2024 and June 30, 2023, respectively.

**Net HIC OPEB Liability**

The Component Unit School Board’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.



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

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Actuarial Assumptions (Continued)*****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2022 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, 2021. 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Long-Term Expected Rate of Return**

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

<b>Asset Class (Strategy)</b>	<b>Long-term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>8.25%</u>

\*The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 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, 2022	\$ 399,335	\$ 42,616	\$ 356,719
Changes for the year:			
Service cost	\$ 2,554	\$ -	\$ 2,554
Interest	26,669	-	26,669
Benefit changes	(13,586)	(13,586)	-
Differences between expected and actual experience	(175,294)	-	(175,294)
Assumption changes	-	-	-
Contributions - employer	-	36,372	(36,372)
Net investment income	-	3,764	(3,764)
Administrative expenses	-	(97)	97
Other changes	-	8	(8)
Net changes	\$ (159,657)	\$ 26,461	\$ (186,118)
Balances at June 30, 2023	\$ 239,678	\$ 69,077	\$ 170,601

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Sensitivity of the Component Unit School Board's HIC Net OPEB Liability to Changes in the Discount Rate***

The following presents the Component Unit School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board			
Net HIC OPEB Liability	\$ 195,854	\$ 170,601	\$ 149,086

***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, 2024, the Component Unit School Board recognized HIC Plan OPEB expense of \$(14,479). At June 30, 2024, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 150,495
Net difference between projected and actual earnings on HIC OPEB plan investments	504	-
Change in assumptions	18,831	-
Employer contributions subsequent to the measurement date	38,152	-
Total	\$ 57,487	\$ 150,495

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (Continued)***

\$38,152 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. 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 the future reporting periods as follows:

**Year Ended June 30**

2025	\$	(40,357)
2026		(43,024)
2027		(41,828)
2028		(5,951)

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 14-Aggregate OPEB Information:**

	Primary Government				Component Unit Library			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program:								
County	\$ 159,037	\$ 74,427	\$ 496,075	\$ 27,270	\$ 6,296	\$ 3,054	\$ 20,349	\$ 1,119
County Stand-Alone Plan	406,880	458,945	1,836,744	99,310	15,120	17,055	68,256	3,690
Totals	<u>\$ 565,917</u>	<u>\$ 533,372</u>	<u>\$ 2,332,819</u>	<u>\$ 126,580</u>	<u>\$ 21,416</u>	<u>\$ 20,109</u>	<u>\$ 88,605</u>	<u>\$ 4,809</u>
	Component Unit School Board							
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense				
VRS OPEB Plans:								
Group Life Insurance Program:								
School Board Nonprofessional	\$ 35,255	\$ 25,141	\$ 127,847	\$ 1,637				
School Board Professional	337,086	258,784	1,331,238	27,583				
Health Insurance Credit Program:								
School Board	57,487	150,495	170,601	(14,479)				
Teacher Health Insurance Credit Program	473,355	324,763	3,166,039	185,451				
School Stand-Alone Plan	597,000	1,097,000	3,734,000	(75,000)				
Totals	<u>\$ 1,500,183</u>	<u>\$ 1,856,183</u>	<u>\$ 8,529,725</u>	<u>\$ 125,192</u>				

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 15-Unearned and Deferred/Unavailable Revenue:**

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Long-term portion of opioid settlement receivable that is not available for funding of current expenditures	\$ -	\$ 970,049
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	2,779,229
Tax assessments due after June 30	25,249,828	25,249,828
Prepaid property taxes due after June 30 but paid in advance by taxpayers	402,565	402,565
Total	\$ 25,652,393	\$ 29,401,671

Additionally, the School Board reported \$2,200,000 in unearned revenue related to unspent grant funds.

**Note 16 - Loan Receivable:**

During the year, the County loaned Mount Rogers Planning District Commission \$3,000,000 to administer a housing program to increase available housing within the County. At the end of the program, the initial contribution is due back to the County. There is no specified maturity date for the return of funds.

**Note 17 - Lease Receivable - Component Unit EDA:**

The following is a summary of lease receivable transactions of the EDA for the year ended June 30, 2024:

Details of leases receivable:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Income
Lease receivable	\$ 390,822	\$ -	\$ (73,748)	\$ 317,074	\$ 10,252

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 17 - Lease Receivable - Component Unit EDA: (Continued)**

Details of lease receivable:

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balnce	Amount Due Within One Year
Building - Project Learn	10/1/2022	2028	Monthly	2.87%	<u>\$ 317,074</u>	<u>\$ 75,893</u>

Lease revenue totaled \$77,516 during fiscal year 2024. There were no variable payments for leases receivable.

**Note 18-Capital Assets:**

Capital asset activity for the year ended June 30, 2024 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,188,034	\$ 30,500	\$ -	\$ 1,218,534
Construction in progress	1,322,254	2,587,578	-	3,909,832
Total capital assets not being depreciated	<u>\$ 2,510,288</u>	<u>\$ 2,618,078</u>	<u>\$ -</u>	<u>\$ 5,128,366</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 71,220,583	\$ 112,995	\$ -	\$ 71,333,578
Machinery and equipment	13,861,709	995,680	(433,791)	14,423,598
Infrastructure	630,529	-	-	630,529
Total capital assets being depreciated	<u>\$ 85,712,821</u>	<u>\$ 1,108,675</u>	<u>\$ (433,791)</u>	<u>\$ 86,387,705</u>
Accumulated depreciation:				
Buildings and improvements	\$ (32,879,014)	\$ (1,414,520)	\$ -	\$ (34,293,534)
Machinery and equipment	(10,587,676)	(1,065,746)	433,791	(11,219,631)
Infrastructure	(47,473)	(16,091)	-	(63,564)
Total accumulated depreciation	<u>\$ (43,514,163)</u>	<u>\$ (2,496,357)</u>	<u>\$ 433,791</u>	<u>\$ (45,576,729)</u>
Total capital assets being depreciated, net	<u>\$ 42,198,658</u>	<u>\$ (1,387,682)</u>	<u>\$ -</u>	<u>\$ 40,810,976</u>
Governmental activities capital assets, net	<u>\$ 44,708,946</u>	<u>\$ 1,230,396</u>	<u>\$ -</u>	<u>\$ 45,939,342</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 18-Capital Assets: (Continued)**

## Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 44,831	\$ -	\$ -	\$ 44,831
Total capital assets not being depreciated	\$ 44,831	\$ -	\$ -	\$ 44,831
Capital assets, being depreciated:				
Utility system	\$ 51,935,369	\$ -	\$ -	\$ 51,935,369
Machinery and equipment	912,599	89,519	-	1,002,118
Total capital assets being depreciated	\$ 52,847,968	\$ 89,519	\$ -	\$ 52,937,487
Accumulated depreciation:				
Utility system	\$ (32,697,562)	\$ (1,398,847)	\$ -	\$ (34,096,409)
Machinery and equipment	(735,361)	(59,719)	-	(795,080)
Total accumulated depreciation	\$ (33,432,923)	\$ (1,458,566)	\$ -	\$ (34,891,489)
Total capital assets being depreciated, net	\$ 19,415,045	\$ (1,369,047)	\$ -	\$ 18,045,998
Business-type activities capital assets, net	\$ 19,459,876	\$ (1,369,047)	\$ -	\$ 18,090,829

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

## Governmental activities:

General government administration	\$ 89,549
Judicial administration	517,138
Public safety	877,122
Public works	220,079
Health and welfare	11,162
Education	755,503
Parks, recreation, and cultural	25,705
	99
Total depreciation expense-governmental activities	\$ 2,496,357
Business-type activities	\$ 1,458,566

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 18-Capital Assets: (Continued)**

Capital asset activity for the School Board for the year ended June 30, 2024 was as follows:

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 844,463	\$ -	\$ (31,778)	\$ 812,685
Construction in progress	948,817	1,842,219	(2,452,274)	338,762
Total capital assets not being depreciated	<u>\$ 1,793,280</u>	<u>\$ 1,842,219</u>	<u>\$ (2,484,052)</u>	<u>\$ 1,151,447</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,707,291	\$ 3,983,589	\$ (128,779)	\$ 25,562,101
Machinery and equipment	9,989,784	1,130,577	(254,426)	10,865,935
Right-to-use lease machinery and equipment	142,241	-	(14,978)	127,263
Total capital assets being depreciated	<u>\$ 31,839,316</u>	<u>\$ 5,114,166</u>	<u>\$ (398,183)</u>	<u>\$ 36,555,299</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,023,757)	\$ (570,801)	\$ 99,972	\$ (15,494,586)
Machinery and equipment	(8,242,364)	(598,358)	253,986	(8,586,736)
Right-to-use lease machinery and equipment	(58,110)	(35,304)	14,978	(78,436)
Total accumulated depreciation	<u>\$ (23,324,231)</u>	<u>\$ (1,204,463)</u>	<u>\$ 368,936</u>	<u>\$ (24,159,758)</u>
Total capital assets being depreciated, net	<u>\$ 8,515,085</u>	<u>\$ 3,909,703</u>	<u>\$ (29,247)</u>	<u>\$ 12,395,541</u>
Component Unit-School Board capital assets, net	<u>\$ 10,308,365</u>	<u>\$ 5,751,922</u>	<u>\$ (2,513,299)</u>	<u>\$ 13,546,988</u>

Discretely Presented Component Unit - EDA:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 74,410	\$ 31,778	\$ -	\$ 106,188
Construction in progress	316,637	315,240	(600,377)	31,500
Total capital assets, not being depreciated	<u>\$ 391,047</u>	<u>\$ 347,018</u>	<u>\$ (600,377)</u>	<u>\$ 137,688</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,418,349	\$ 729,156	\$ -	\$ 4,147,505
Accumulated depreciation:				
Buildings and improvements	\$ (30,411)	\$ (193,361)	\$ -	\$ (223,772)
Total capital assets being depreciated, net	<u>\$ 3,387,938</u>	<u>\$ 535,795</u>	<u>\$ -</u>	<u>\$ 3,923,733</u>
Component Unit-EDA capital assets, net	<u>\$ 3,462,348</u>	<u>\$ 567,573</u>	<u>\$ -</u>	<u>\$ 4,061,421</u>

**Note 19-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 participates with other localities in a public entity risk pool for their coverage of general liability, property, 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 pays the Virginia Association of Counties Risk Pool contributions and assessments based upon classifications 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 funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The component unit School Board participates with other localities in a public entity risk pool for their coverage of general liability, property 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 School Board pays the Virginia Association of Counties Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, and depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 20-Contingent Liabilities:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 21-Surety Bonds:**

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:		
John Graham, Clerk of the Circuit Court	\$	425,000
Tom Burkett, Treasurer		50,000
Jeff Richardson, Commissioner of the Revenue		3,000
Chip Shuler, Sheriff		30,000
All constitutional officers' employees: blanket bond		50,000
Virginia Association of Counties Group		
Self Insurance Risk Pool		
Public Officials Liability - Limit	\$	2,000,000
Defense Cost Limit		100,000
Virginia Liability Risk Management Program		
Social Services Employees	\$	1,000,000

Component Unit - School Board:

Virginia Association of Counties Group		
Self Insurance Risk Pool		
School Leaders	\$	5,000,000

**Note 22-Landfill Closure and Post-closure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The County closed the landfill in 1995, however, certain monitoring functions will be continued at the landfill for a period of up to 30 years. \$400,759 was reported as landfill closure and post-closure care liability at June 30, 2024. This amount is based on what it would cost to perform all closure and post-closure in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Federal and State regulations require owners of municipal solid waste landfills to demonstrate financial responsibility for closure care, post closure care, and corrective costs arising from the operations of such facilities. The County qualifies to use the State Department of Environmental Quality's financial assurance test in order to demonstrate financial responsibility.

**Note 23-Arbitrage Rebate Compliance:**

As of June 30, 2024 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

**Note 24-Commitments and Contingencies:**

The County and a local Town entered into an agreement in May 2019 to purchase was at an initial rate of \$3.50 per 1,000 gallons (subject to increase with residential rates). The initial term of the agreement was five years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 24-Commitments and Contingencies: (Continued)**

The County entered into an agreement with a certain entity to purchase water at an initial rate of \$3.60 per 1,000 gallons for the year ended September 30, 2017 with rates increasing 5% annually. The agreement has an initial five-year term with the option to renew for four successive five-year periods.

The County entered into an agreement with a certain Town to purchase up to 256,000 gallons of water per day at a rate of \$20.50 for first 5,000 gallons; a rate of \$3.51/1,000 gallons for the next 495,000 gallons; and a rate of \$2.81/1,000 gallons for anything over 500,000 gallons. This agreement is subject to increases in the Town's commercial rate up to 2% annually. The initial term of the agreement was five years with fifteen successive three-year periods at mutual agreement between the Town and the County. As of July 1, 2017, a new agreement has been signed that establishes a rate of \$3.80 per 1,000 gallons with the rate subject to increases to the Town's rates charged to its customers. The new agreement has an initial five-year term.

The County and a certain Town entered into a water purchase agreement in July 2016 for the purchase of a minimum of 21 million gallons of water annually at a rate of \$5.00 per 1,000 gallons. In the event that the Town must purchase water back from the County, the rate is the same. The initial term of the agreement is seven years, from July 1, 2016 through June 30, 2023 and is renewable for intervals of three successive years at the mutual option of the County and the Town. The rate shall remain constant for the first seven-year term and will increase or decrease in a percentage equal to the increase or decrease of the Town's residential rates.

The County and its Component Units were involved in major construction projects during the fiscal year as presented below along with the anticipated funding source:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2024
County - E911 Communications Tower	6,688,224	4,681,756
County - Building Study Construction	1,248,147	1,100,972
County - Smyth Co Sheriff Relocation	562,083	135,584

**Note 25-Intergovernmental Agreements:**

**Mountain Empire Regional Wastewater Facility**

In 1990, the County entered into an agreement with the Town of Marion for joint utilization of the Mountain Empire Regional Wastewater Facility. The Town of Marion owns and operates the facility in which the County is entitled to 17.65% of the wastewater treatment capacity and pays a monthly user charge determined by the Town of Marion consisting of an allocation of operating and maintenance costs, funding of replacement reserves, and overruns from the previous year less revenue derived from treatment of wastewater.

The user charge is determined monthly. The initial agreement ends August 2030; however, the agreement may be renewed for an additional 40-year period. During fiscal year 2024, the County remitted a total of \$361,893 to the Town of Marion. As part of the agreement, the Town of Marion bills wastewater treatment customers of the County and remits collections of those billings to the County within 30 days.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 25-Intergovernmental Agreements: (Continued)****Chilhowie-Smyth Wastewater Treatment Plant**

In 1997, the County entered into an agreement with the Town of Chilhowie for joint utilization of the capacity of the Chilhowie/Smyth Wastewater Treatment Plant. The Town of Chilhowie owns and operates the facility in which the County is entitled to 25% of the wastewater treatment capacity and pays a monthly user charge determined by the Town of Chilhowie consisting of an allocation of debt service, operating and maintenance costs, funding of replacement reserve, and overruns from the previous year's income or loss derived from the treatment of wastewater. The user charge is determined each month based on a percentage of plant flow. The term of the agreement ends July 2037 and is renewable for an additional 40-year period. During fiscal year 2024, the County remitted a total of \$199,050 to the Town of Chilhowie. As part of the agreement, the Town of Chilhowie bills wastewater treatment customers of the County and remits collections of those billings to the County within 30 days.

**Saltville-Smyth Regional Wastewater Treatment Facility**

In 2001, the Town of Saltville and the County entered into an agreement to construct and operate the Saltville/Smyth Regional Wastewater Treatment Facility. The facility is owned and operated by the Town of Saltville. The County's capacity in the facility is 40% and it is to pay a monthly user charge based on actual user flow consisting of operating and maintenance costs which are to be determined by the Town of Saltville monthly.

The term of agreement ends March 2041 and is renewable for a term of 40 years. During the fiscal year 2024, the County remitted a total of \$18,325 to the Town of Saltville in user charges. As part of the agreement, the Town of Saltville bills wastewater treatment customers of the County and remits collections of those billings to the County each quarter.

**Note 26-Litigation:**

At June 30, 2024, there were no significant matters of litigation pending involving the County or which would materially effect the County's financial position should any court decisions on pending matters not be favorable to the County.

**Note 27-Restricted Fund Balance and Net Position:**

Governmental Activities/Funds:	Governmental	Component Unit	
	Activities	School Board	General Fund
Restricted:			
E-911	\$ 567,219	\$ -	\$ 567,219
Courthouse construction	49,717	-	49,717
Public Safety	252,905	-	252,905
Courthouse security	161,288	-	161,288
E-summons program	14,046	-	14,046
Restricted bond proceeds	21,709,906	-	21,709,906
Opioid settlement	1,354,754	-	384,704
Cafeteria Program	-	508,430	-
School construction	-	2,186,299	-
Total restricted balances	<u>\$ 24,109,835</u>	<u>\$ 2,694,729</u>	<u>\$ 23,139,785</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 28-Adoption of Accounting Principle:**

The County implemented provisions of the Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Statement No. 100 provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections.

**Note 29-Restatement of Beginning Balances:**

Beginning net position and fund balance for the Component Unit School Board were restated to include Marion Senior High School and Northwood High School Activity Funds. During fiscal year 2023, sufficient documentation was not available for a material amount of activity of the aforementioned schools, which were excluded from the financial statements.

	<u>Fund Balance</u>	<u>Net Position</u>
	<u>School Activity</u>	<u>School</u>
	<u>Fund</u>	<u>Board</u>
Beginning balance, as previously stated	\$ 853,664	\$ (18,372,018)
SAF activity previously excluded	327,926	327,926
Beginning balance, as restated	<u>\$ 1,181,590</u>	<u>\$ (18,044,092)</u>

**Note 30-Subsequent Events:**

On September 27, 2024, the remnants of Hurricane Helene provided substantial rainfall which resulted in significant flooding in the region surrounding the Authority. As of release of these financial statements, the financial impact of the damages and resulting repairs has not been determined.

**Note 31-Upcoming Pronouncements:**

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.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

## Required Supplementary Information



County of Smyth, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2024

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts		
REVENUES					
General property taxes	\$ 21,507,363	\$ 21,507,363	\$ 21,461,132	\$ (46,231)	
Other local taxes	4,626,601	4,626,601	4,729,470	102,869	
Permits, privilege fees, and regulatory licenses	94,219	94,219	138,320	44,101	
Fines and forfeitures	921,900	921,900	658,256	(263,644)	
Revenue from the use of money and property	1,045,648	1,045,648	1,601,579	555,931	
Charges for services	2,439,370	2,439,370	2,110,816	(328,554)	
Miscellaneous	3,875,724	3,875,724	700,681	(3,175,043)	
Recovered costs	808,603	808,603	711,701	(96,902)	
Intergovernmental	23,403,078	23,403,078	18,223,855	(5,179,223)	
Total revenues	\$ 58,722,506	\$ 58,722,506	\$ 50,335,810	\$ (8,386,696)	
EXPENDITURES					
Current:					
General government administration	\$ 18,312,270	\$ 18,312,270	\$ 6,540,746	\$ 11,771,524	
Judicial administration	2,314,978	2,314,978	2,094,765	220,213	
Public safety	14,041,751	14,041,751	13,539,994	501,757	
Public works	3,249,437	3,249,437	3,663,993	(414,556)	
Health and welfare	11,983,785	11,983,785	10,991,411	992,374	
Education	13,074,650	13,074,650	10,338,174	2,736,476	
Parks, recreation, and cultural:	2,051,933	2,051,933	1,451,907	600,026	
Community development:	4,870,430	4,870,430	335,309	4,535,121	
Capital projects	3,479,556	3,479,556	1,204,182	2,275,374	
Debt service					
Principal retirement	2,413,448	2,413,448	2,779,736	(366,288)	
Interest and other fiscal charges	-	-	1,833,330	(1,833,330)	
Issuance cost	-	-	291,844	(291,844)	
Total expenditures	\$ 75,792,238	\$ 75,792,238	\$ 55,065,391	\$ 20,726,847	
Excess (deficiency) of revenues over (under) expenditures	\$ (17,069,732)	\$ (17,069,732)	\$ (4,729,581)	\$ 12,340,151	
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ 2,829,732	\$ 2,829,732	\$ (233,360)	\$ (3,063,092)	
Issuance of general obligation bonds	14,100,000	14,100,000	13,351,210	(748,790)	
Total other financing sources (uses)	\$ 16,929,732	\$ 16,929,732	\$ 13,117,850	\$ (3,811,882)	
Net change in fund balances	\$ (140,000)	\$ (140,000)	\$ 8,388,269	\$ 8,528,269	
Fund balances - beginning	140,000	140,000	31,856,200	31,716,200	
Fund balances - ending	\$ -	\$ -	\$ 40,244,469	\$ 40,244,469	

Note 1: GAAP serves as the budgetary basis of accounting

County of Smyth, 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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>	\$ 987,113	\$ 842,951	\$ 851,619	\$ 785,923	\$ 747,402	\$ 728,015	\$ 747,608	\$ 751,868	\$ 752,948	\$ 745,432
Service cost	3,369,362	3,265,020	2,987,363	2,922,240	2,807,088	2,722,028	2,734,891	2,679,557	2,587,924	2,483,851
Interest							28,506			
Changes in benefit terms	821,091	71,804	429,909	(709,981)	98,593	(364,407)	(1,406,952)	(1,311,424)	(350,079)	-
Differences between expected and actual experience	(56,411)	34,959	306,265	482,352	167,660	(101,517)	547,126	209,852		-
Impact in change of proportion			1,529,074		1,238,114		(275,572)			-
Changes of assumptions			(2,450,357)	(2,229,007)	(2,135,703)	(1,940,594)	(1,880,848)	(1,872,458)	(1,910,763)	(1,541,442)
Benefit payments	(2,762,987)	(2,674,496)	(2,450,357)	(2,229,007)	(2,135,703)	(1,940,594)	(1,880,848)	(1,872,458)	(1,910,763)	(1,541,442)
<b>Net change in total pension liability</b>	\$ 2,358,368	\$ 1,540,238	\$ 3,653,873	\$ 1,251,527	\$ 2,923,154	\$ 1,043,525	\$ 494,759	\$ 457,395	\$ 1,080,030	\$ 1,687,841
<b>Total pension liability - beginning</b>	\$ 50,370,224	\$ 48,829,986	\$ 45,176,113	\$ 43,924,586	\$ 41,001,432	\$ 39,957,907	\$ 39,463,148	\$ 39,005,753	\$ 37,925,723	\$ 36,237,882
<b>Total pension liability - ending (a)</b>	\$ 52,728,592	\$ 50,370,224	\$ 48,829,986	\$ 45,176,113	\$ 43,924,586	\$ 41,001,432	\$ 39,957,907	\$ 39,463,148	\$ 39,005,753	\$ 37,925,723
<b>Plan fiduciary net position</b>										
Impact in change of proportion										
Contributions - employer	\$ (53,322)	\$ 35,201	\$ 268,170	\$ 435,586	\$ 156,307	\$ (92,886)	\$ 456,481	\$ 176,742	\$ -	\$ -
Contributions - employee	975,983	731,986	671,335	590,795	572,706	698,076	692,122	888,989	884,699	897,039
Contributions - employee	452,560	412,563	392,489	362,025	350,100	344,780	364,136	341,581	340,522	348,858
Net investment income	3,036,740	(30,096)	10,755,063	758,805	2,524,778	2,680,609	4,030,826	559,765	1,453,396	4,402,828
Benefit payments	(2,762,987)	(2,674,496)	(2,450,357)	(2,229,007)	(2,135,703)	(1,940,594)	(1,880,848)	(1,872,458)	(1,910,763)	(1,541,442)
Administrator charges	(30,605)	(30,918)	(27,364)	(26,417)	(25,581)	(23,414)	(23,611)	(20,658)	(20,297)	(23,762)
Other	1,219	1,117	1,009	(892)	(1,583)	(2,372)	(3,573)	(241)	(306)	1,204
<b>Net change in plan fiduciary net position</b>	\$ 1,619,588	\$ (1,554,643)	\$ 9,610,345	\$ (109,105)	\$ 1,441,024	\$ 1,664,199	\$ 3,635,533	\$ 73,720	\$ 747,251	\$ 4,084,725
<b>Plan fiduciary net position - beginning</b>	\$ 47,612,504	\$ 49,167,147	\$ 39,556,802	\$ 39,665,907	\$ 38,224,883	\$ 36,560,684	\$ 32,925,151	\$ 32,851,431	\$ 32,104,180	\$ 28,019,455
<b>Plan fiduciary net position - ending (b)</b>	\$ 49,232,092	\$ 47,612,504	\$ 49,167,147	\$ 39,556,802	\$ 39,665,907	\$ 38,224,883	\$ 36,560,684	\$ 32,925,151	\$ 32,851,431	\$ 32,104,180
<b>County's net pension liability (asset) - ending (a) - (b)</b>	\$ 3,496,500	\$ 2,757,720	\$ (337,161)	\$ 5,619,311	\$ 4,258,679	\$ 2,776,549	\$ 3,397,223	\$ 6,537,997	\$ 6,154,322	\$ 5,821,543
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	93.37%	94.53%	100.69%	87.56%	90.30%	93.23%	91.50%	83.43%	84.22%	84.65%
<b>Covered payroll</b>	\$ 9,745,365	\$ 8,665,663	\$ 7,884,466	\$ 7,601,747	\$ 7,234,586	\$ 6,922,774	\$ 6,922,002	\$ 6,875,983	\$ 6,849,722	\$ 6,840,025
<b>County's net pension liability (asset) as a percentage of covered payroll</b>	35.88%	31.82%	-4.28%	73.92%	58.87%	40.11%	49.08%	95.08%	89.85%	85.11%

County of Smyth, Virginia  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratio:  
Component Unit-Library  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 40,493	\$ 33,596	\$ 34,576	\$ 37,453	\$ 44,216	\$ 46,222	\$ 45,446	\$ 56,763	\$ 61,200	\$ 60,615
Interest	138,224	130,129	121,287	139,258	166,065	172,823	166,250	202,295	210,349	200,731
Changes in benefit terms	-	-	-	-	-	-	1,733	-	-	-
Differences between expected and actual experience	33,682	2,862	17,454	(33,834)	5,834	(23,136)	(85,527)	(99,007)	(28,455)	-
Impact in change of proportion	56,411	(34,959)	(306,265)	(482,352)	(167,660)	101,517	(547,126)	(209,852)	-	-
Changes of assumptions	-	-	62,081	-	73,246	-	(16,752)	-	-	-
Benefit payments	(113,342)	(106,594)	(99,485)	(106,223)	(126,347)	(123,209)	(114,334)	(141,363)	(155,309)	(126,532)
<b>Net change in total pension liability</b>	<b>\$ 155,468</b>	<b>\$ 25,034</b>	<b>\$ (170,352)</b>	<b>\$ (445,698)</b>	<b>\$ (4,646)</b>	<b>\$ 174,217</b>	<b>\$ (550,310)</b>	<b>\$ (191,164)</b>	<b>\$ 87,785</b>	<b>\$ 134,814</b>
<b>Total pension liability - beginning</b>	<b>2,007,509</b>	<b>1,982,475</b>	<b>2,152,827</b>	<b>2,598,525</b>	<b>2,603,171</b>	<b>2,428,954</b>	<b>2,979,264</b>	<b>3,170,428</b>	<b>3,082,643</b>	<b>2,946,679</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,162,977</b>	<b>\$ 2,007,509</b>	<b>\$ 1,982,475</b>	<b>\$ 2,152,827</b>	<b>\$ 2,598,525</b>	<b>\$ 2,603,171</b>	<b>\$ 2,428,954</b>	<b>\$ 2,979,264</b>	<b>\$ 3,170,428</b>	<b>\$ 3,081,493</b>
<b>Plan fiduciary net position</b>										
Impact in change of proportion	\$ 53,322	\$ (35,200)	\$ (268,170)	\$ (435,586)	\$ (156,306)	\$ 92,886	\$ (456,481)	\$ (176,742)	\$ -	\$ -
Contributions - employer	40,036	29,174	27,256	28,154	33,881	44,321	42,073	67,115	71,909	72,943
Contributions - employee	18,565	16,443	15,935	17,252	20,712	21,890	22,135	25,785	27,678	28,367
Net investment income	124,571	(1,200)	436,656	36,161	149,364	170,193	245,028	42,260	118,131	358,015
Benefit payments	(113,342)	(106,594)	(99,485)	(106,223)	(126,347)	(123,209)	(114,334)	(141,363)	(155,309)	(125,342)
Administrator charges	(1,255)	(1,232)	(1,111)	(1,259)	(1,513)	(1,485)	(1,435)	(1,560)	(1,650)	(1,932)
Other	50	45	41	(42)	(94)	(151)	(217)	(18)	(25)	(988)
<b>Net change in plan fiduciary net position</b>	<b>\$ 121,947</b>	<b>\$ (98,564)</b>	<b>\$ 111,122</b>	<b>\$ (461,543)</b>	<b>\$ (80,303)</b>	<b>\$ 204,445</b>	<b>\$ (263,231)</b>	<b>\$ (184,523)</b>	<b>\$ 60,734</b>	<b>\$ 331,063</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,897,599</b>	<b>1,996,163</b>	<b>1,885,041</b>	<b>2,346,584</b>	<b>2,426,887</b>	<b>2,222,442</b>	<b>2,485,673</b>	<b>2,670,196</b>	<b>2,609,462</b>	<b>2,278,399</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,019,546</b>	<b>\$ 1,897,599</b>	<b>\$ 1,996,163</b>	<b>\$ 1,885,041</b>	<b>\$ 2,346,584</b>	<b>\$ 2,426,887</b>	<b>\$ 2,222,442</b>	<b>\$ 2,485,673</b>	<b>\$ 2,670,196</b>	<b>\$ 2,609,462</b>
<b>Component Unit Library's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 143,431</b>	<b>\$ 109,910</b>	<b>\$ (13,688)</b>	<b>\$ 267,786</b>	<b>\$ 251,941</b>	<b>\$ 176,284</b>	<b>\$ 206,512</b>	<b>\$ 493,591</b>	<b>\$ 500,232</b>	<b>\$ 472,031</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>93.37%</b>	<b>94.53%</b>	<b>100.69%</b>	<b>87.56%</b>	<b>90.30%</b>	<b>93.23%</b>	<b>91.50%</b>	<b>83.43%</b>	<b>84.22%</b>	<b>84.68%</b>
<b>Covered payroll</b>	<b>\$ 399,759</b>	<b>\$ 351,836</b>	<b>\$ 320,118</b>	<b>\$ 362,367</b>	<b>\$ 459,327</b>	<b>\$ 488,528</b>	<b>\$ 427,372</b>	<b>\$ 531,258</b>	<b>\$ 567,731</b>	<b>\$ 555,966</b>
<b>Component Unit Library's net pension liability (asset) as a percentage of covered payroll</b>	<b>35.88%</b>	<b>31.24%</b>	<b>-4.28%</b>	<b>73.90%</b>	<b>54.85%</b>	<b>36.08%</b>	<b>48.32%</b>	<b>92.91%</b>	<b>88.11%</b>	<b>84.90%</b>

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

For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 214,215	\$ 167,597	\$ 196,337	\$ 209,582	\$ 210,020	\$ 223,289	\$ 235,070	\$ 250,631	\$ 266,352	\$ 269,417
Interest	936,654	957,566	897,294	878,230	903,484	887,093	877,621	869,360	858,200	829,370
Differences between expected and actual experience	(118,456)	(572,364)	80,044	138,019	(450,217)	(95,917)	(191,498)	(191,576)	(206,989)	-
Changes of assumptions	-	-	469,763	-	321,229	-	(2,989)	-	(206,989)	-
Benefit payments	(902,454)	(915,994)	(920,243)	(966,562)	(794,669)	(765,955)	(799,816)	(820,987)	(695,293)	(678,546)
<b>Net change in total pension liability</b>	<b>\$ 129,959</b>	<b>\$ (363,195)</b>	<b>\$ 723,195</b>	<b>\$ 259,269</b>	<b>\$ 189,847</b>	<b>\$ 248,510</b>	<b>\$ 118,388</b>	<b>\$ 107,428</b>	<b>\$ 222,270</b>	<b>\$ 420,241</b>
<b>Total pension liability - beginning</b>	<b>14,113,363</b>	<b>14,476,558</b>	<b>13,753,363</b>	<b>13,494,094</b>	<b>13,304,247</b>	<b>13,055,737</b>	<b>12,937,349</b>	<b>12,829,921</b>	<b>12,607,651</b>	<b>12,187,410</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 14,243,322</b>	<b>\$ 14,113,363</b>	<b>\$ 14,476,558</b>	<b>\$ 13,753,363</b>	<b>\$ 13,494,094</b>	<b>\$ 13,304,247</b>	<b>\$ 13,055,737</b>	<b>\$ 12,937,349</b>	<b>\$ 12,829,921</b>	<b>\$ 12,607,651</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 185,693	\$ 191,144	\$ 176,133	\$ 188,850	\$ 192,386	\$ 208,894	\$ 211,195	\$ 249,040	\$ 261,267	\$ 259,497
Contributions - employee	113,776	104,529	96,578	98,906	100,364	103,259	116,397	108,352	114,873	121,131
Net investment income	860,945	(5,200)	3,143,765	228,720	779,231	845,637	1,284,634	184,071	491,896	1,505,249
Benefit payments	(902,454)	(915,994)	(920,243)	(966,562)	(794,669)	(765,955)	(799,816)	(820,987)	(695,293)	(678,546)
Administrator charges	(8,886)	(9,038)	(8,234)	(8,216)	(8,064)	(7,525)	(7,718)	(7,019)	(6,949)	(8,292)
Other	343	320	293	(266)	(488)	(743)	(1,132)	(79)	(103)	79
<b>Net change in plan fiduciary net position</b>	<b>\$ 249,417</b>	<b>\$ (634,239)</b>	<b>\$ 2,488,292</b>	<b>\$ (458,568)</b>	<b>\$ 268,760</b>	<b>\$ 383,567</b>	<b>\$ 803,560</b>	<b>\$ (286,622)</b>	<b>\$ 165,691</b>	<b>\$ 1,199,118</b>
<b>Plan fiduciary net position - beginning</b>	<b>13,628,434</b>	<b>14,262,673</b>	<b>11,774,381</b>	<b>12,232,949</b>	<b>11,964,189</b>	<b>11,580,622</b>	<b>10,777,062</b>	<b>11,063,684</b>	<b>10,897,993</b>	<b>9,698,875</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 13,877,851</b>	<b>\$ 13,628,434</b>	<b>\$ 14,262,673</b>	<b>\$ 11,774,381</b>	<b>\$ 12,232,949</b>	<b>\$ 11,964,189</b>	<b>\$ 11,580,622</b>	<b>\$ 10,777,062</b>	<b>\$ 11,063,684</b>	<b>\$ 10,897,993</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 365,471</b>	<b>\$ 484,929</b>	<b>\$ 213,885</b>	<b>\$ 1,978,982</b>	<b>\$ 1,261,145</b>	<b>\$ 1,340,058</b>	<b>\$ 1,475,115</b>	<b>\$ 2,160,287</b>	<b>\$ 1,766,237</b>	<b>\$ 1,709,658</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>97.43%</b>	<b>96.56%</b>	<b>98.52%</b>	<b>85.61%</b>	<b>90.65%</b>	<b>89.93%</b>	<b>88.70%</b>	<b>83.30%</b>	<b>86.23%</b>	<b>86.44%</b>
<b>Covered payroll</b>	<b>\$ 2,498,566</b>	<b>\$ 2,274,190</b>	<b>\$ 2,076,828</b>	<b>\$ 2,106,689</b>	<b>\$ 2,116,635</b>	<b>\$ 2,156,076</b>	<b>\$ 2,163,422</b>	<b>\$ 2,208,654</b>	<b>\$ 2,297,419</b>	<b>\$ 2,393,110</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>14.63%</b>	<b>21.32%</b>	<b>10.30%</b>	<b>93.94%</b>	<b>59.58%</b>	<b>62.15%</b>	<b>68.18%</b>	<b>97.81%</b>	<b>76.88%</b>	<b>71.44%</b>

County of Smyth, Virginia  
Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2023	0.26647%	\$ 26,932,669	\$ 26,031,060	103.46%	82.45%
2022	0.27210%	25,905,549	24,882,873	104.11%	82.61%
2021	0.26470%	20,548,918	22,956,780	89.51%	85.46%
2020	0.26650%	38,787,115	22,988,670	168.72%	71.47%
2019	0.27144%	35,723,046	22,434,009	159.24%	73.51%
2018	0.27854%	32,756,000	22,285,300	146.98%	74.81%
2017	0.28721%	35,321,000	22,470,905	157.19%	72.92%
2016	0.29649%	41,550,000	22,605,674	183.80%	68.28%
2015	0.30972%	38,983,000	23,023,786	169.32%	70.68%
2014	0.32331%	39,071,000	23,643,816	165.25%	70.88%

County of Smyth, Virginia  
Schedule of Employer Contributions  
Pension Plans  
For the Years Ended June 30, 2015 through June 30, 2024

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)
<b>Primary Government</b>					
2024	\$ 1,082,612	\$ 1,082,612	\$ -	\$ 10,905,108	9.93%
2023	976,258	976,258	-	9,745,365	10.02%
2022	731,782	731,782	-	8,665,663	8.44%
2021	671,344	671,344	-	7,884,466	8.51%
2020	589,434	589,434	-	7,601,747	7.75%
2019	573,323	573,323	-	7,234,586	7.92%
2018	693,662	693,662	-	6,922,774	10.02%
2017	694,789	694,789	-	6,922,002	10.04%
2016	891,693	891,693	-	6,875,983	12.97%
2015	885,099	885,099	-	6,849,722	12.92%
<b>Component Unit Library</b>					
2024	\$ 40,233	\$ 40,233	\$ -	\$ 405,250	9.93%
2023	40,047	40,047	-	399,759	10.02%
2022	29,166	29,166	-	351,836	8.29%
2021	27,257	27,257	-	320,118	8.51%
2020	28,090	28,090	-	362,367	7.75%
2019	33,917	33,917	-	459,327	7.38%
2018	44,065	44,065	-	488,528	9.02%
2017	49,913	49,913	-	427,337	11.68%
2016	67,319	67,319	-	531,326	12.67%
2015	71,942	71,942	-	567,814	12.67%
<b>Component Unit School Board (nonprofessional)</b>					
2024	\$ 193,096	\$ 193,096	\$ -	\$ 2,631,167	7.34%
2023	185,387	185,387	-	2,498,566	7.42%
2022	191,085	191,085	-	2,274,190	8.40%
2021	176,132	176,132	-	2,076,828	8.48%
2020	188,862	188,862	-	2,106,689	8.96%
2019	192,187	192,187	-	2,116,635	9.08%
2018	208,889	208,889	-	2,156,076	9.69%
2017	211,186	211,186	-	2,163,422	9.76%
2016	249,040	249,040	-	2,208,654	11.28%
2015	261,267	261,267	-	2,297,419	11.37%
<b>Component Unit School Board (professional)</b>					
2024	\$ 4,409,960	\$ 4,409,960	\$ -	\$ 27,246,894	16.19%
2023	4,204,877	4,204,877	-	26,031,060	16.15%
2022	4,042,304	4,042,304	-	24,882,873	16.25%
2021	3,746,068	3,746,068	-	22,956,780	16.32%
2020	3,545,251	3,545,251	-	22,988,670	15.42%
2019	3,475,866	3,475,866	-	22,434,009	15.49%
2018	3,601,232	3,601,232	-	22,285,300	16.16%
2017	3,268,316	3,268,316	-	22,470,905	14.54%
2016	3,165,416	3,165,416	-	22,605,674	14.00%
2015	3,339,265	3,339,265	-	23,023,786	14.50%

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

**County of Smyth, Virginia**  
**Notes to Required Supplementary Information**  
**Pension Plans**  
**For the Year Ended June 30, 2024**

**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, 2022 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, 2021. 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 Smyth, Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Primary Government  
Healthcare OPEB Plan  
For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 68,456	\$ 93,282	\$ 83,606	\$ 69,680	\$ 66,090	\$ 68,642	\$ 66,924
Interest	64,599	36,544	42,283	51,544	56,648	53,597	50,901
Changes in assumptions	(31,818)	(458,719)	172,977	119,314	82,141	37,612	-
Differences between expected and actual experience	70,384	225,993	(105,708)	(122,178)	(131,236)	(65,821)	-
Contributions	(42,423)	(36,543)	(24,025)	(39,135)	(33,045)	(34,792)	(16,967)
Change in proportionate share	4,425	1,320	11,260	17,178	6,206	(3,567)	-
<b>Net change in total OPEB liability</b>	<b>\$ 133,623</b>	<b>\$ (138,123)</b>	<b>\$ 180,393</b>	<b>\$ 96,403</b>	<b>\$ 46,804</b>	<b>\$ 55,671</b>	<b>\$ 100,858</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 1,703,121</b>	<b>\$ 1,841,244</b>	<b>\$ 1,660,851</b>	<b>\$ 1,564,448</b>	<b>\$ 1,517,644</b>	<b>\$ 1,461,973</b>	<b>\$ 1,361,115</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,836,744</b>	<b>\$ 1,703,121</b>	<b>\$ 1,841,244</b>	<b>\$ 1,660,851</b>	<b>\$ 1,564,448</b>	<b>\$ 1,517,644</b>	<b>\$ 1,461,973</b>
<b>Covered-employee payroll</b>	<b>\$ 8,541,582</b>	<b>\$ 8,519,452</b>	<b>\$ 7,671,527</b>	<b>\$ 6,919,265</b>	<b>\$ 7,328,453</b>	<b>\$ 7,298,609</b>	<b>\$ 6,832,907</b>
<b>Primary Government's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>21.50%</b>	<b>19.99%</b>	<b>24.00%</b>	<b>24.00%</b>	<b>21.35%</b>	<b>20.79%</b>	<b>21.40%</b>

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



County of Smyth, Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Component Unit Library  
Healthcare OPEB Plan

For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 2,544	\$ 3,718	\$ 3,394	\$ 3,320	\$ 3,910	\$ 4,358	\$ 4,075
Interest	2,401	1,456	1,717	2,456	3,352	3,403	3,100
Changes in assumptions	(1,182)	(18,281)	7,023	5,686	4,859	2,388	-
Differences between expected and actual experience	2,616	9,007	(4,292)	(5,822)	(7,764)	(4,179)	-
Contributions	(1,577)	(1,457)	(975)	(1,865)	(1,955)	(2,209)	(1,033)
Change in proportionate share	(4,425)	(1,320)	(11,260)	(17,178)	(6,206)	3,567	-
<b>Net change in total OPEB liability</b>	<b>377</b>	<b>(6,877)</b>	<b>(4,393)</b>	<b>(13,403)</b>	<b>(3,804)</b>	<b>7,328</b>	<b>6,142</b>
<b>Total OPEB liability - beginning</b>	<b>67,879</b>	<b>74,756</b>	<b>79,149</b>	<b>92,552</b>	<b>96,356</b>	<b>89,028</b>	<b>82,886</b>
<b>Total OPEB liability - ending</b>	<b>68,256</b>	<b>67,879</b>	<b>74,756</b>	<b>79,149</b>	<b>92,552</b>	<b>96,356</b>	<b>89,028</b>
<b>Covered-employee payroll</b>	<b>\$ 317,418</b>	<b>\$ 339,548</b>	<b>\$ 311,473</b>	<b>\$ 329,743</b>	<b>\$ 433,547</b>	<b>\$ 463,391</b>	<b>\$ 416,093</b>
<b>Component Unit Library's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>21.50%</b>	<b>19.99%</b>	<b>24.00%</b>	<b>24.00%</b>	<b>21.35%</b>	<b>20.79%</b>	<b>21.40%</b>

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

County of Smyth, Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Component Unit: School Board  
Healthcare OPEB Plan  
For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 129,000	\$ 236,000	\$ 207,000	\$ 158,000	\$ 149,000	\$ 186,000	\$ 181,000
Interest	132,000	92,000	107,000	124,000	143,000	184,000	182,000
Changes in assumptions	(50,000)	(525,000)	372,000	234,000	172,000	(111,000)	-
Differences between expected and actual experience	139,000	(754,000)	(165,000)	7,000	(239,000)	(1,123,000)	-
Contributions	(150,000)	(142,000)	(119,000)	(197,000)	(265,000)	(336,000)	(299,000)
Net change in total OPEB liability	\$ 200,000	\$ (1,093,000)	\$ 402,000	\$ 326,000	\$ (40,000)	\$ (1,200,000)	\$ 64,000
Total OPEB liability - beginning	3,534,000	4,627,000	4,225,000	3,899,000	3,939,000	5,139,000	5,075,000
Total OPEB liability - ending	\$ 3,734,000	\$ 3,534,000	\$ 4,627,000	\$ 4,225,000	\$ 3,899,000	\$ 3,939,000	\$ 5,139,000
<b>Covered-employee payroll</b>	\$ 26,662,000	\$ 26,662,000	\$ 24,402,000	\$ 24,402,000	\$ 23,787,000	\$ 23,787,000	\$ 24,003,000
<b>School's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	14.00%	13.25%	18.96%	17.31%	16.39%	16.56%	21.41%

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

County of Smyth, Virginia  
Notes to Required Supplementary Information - Healthcare OPEB Plan  
For the Year Ended June 30, 2024

Valuation Date: 7/1/2022  
Measurement Date: 7/1/2023

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

*Methods and assumptions used to determine OPEB liability:*

County and Component Unit-Library:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.86%
Inflation	2.50%
Healthcare Trend Rate	9.91% for fiscal year end 2023 and 10.98% for fiscal year end 2024 (to reflect actual experience), then 6.50% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional improvement scale MP-2021

Component Unit-School Board:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.86%
Inflation	2.50%
Healthcare Trend Rate	6.15% for fiscal year end 2023 and 10.92% for fiscal year end 2024 (to reflect actual experience), then 6.50% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional improvement scale MP-2021

County of Smyth, 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, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government</b>					
2023	0.41360%	\$ 496,075	\$ 9,742,305	5.09%	69.30%
2022	0.03991%	480,432	8,678,840	5.54%	67.21%
2021	0.03825%	444,965	7,890,797	5.64%	67.45%
2020	0.03684%	615,507	7,590,104	8.11%	52.64%
2019	0.03705%	602,875	7,239,182	8.33%	52.00%
2018	0.03726%	566,061	6,922,774	8.18%	51.22%
2017	0.03793%	571,215	6,922,002	8.25%	48.86%
<b>Component Unit Library</b>					
2023	0.00170%	\$ 20,349	\$ 399,633	5.09%	69.30%
2022	0.00159%	19,148	345,900	5.54%	67.21%
2021	0.00155%	18,066	320,375	5.64%	67.45%
2020	0.00176%	29,332	361,712	8.11%	52.64%
2019	0.00219%	35,665	459,618	7.76%	52.00%
2018	0.00237%	35,939	488,528	7.36%	51.22%
2017	0.00231%	34,724	427,337	8.13%	48.86%
<b>Component Unit School Board (Non-Professional)</b>					
2023	0.01066%	\$ 127,847	\$ 2,511,833	5.09%	69.30%
2022	0.01050%	126,189	2,280,116	5.53%	67.21%
2021	0.01010%	117,592	2,084,505	5.64%	67.45%
2020	0.01030%	171,389	2,116,831	8.10%	52.64%
2019	0.01091%	177,535	2,136,181	8.31%	52.00%
2018	0.01147%	174,000	2,156,076	8.07%	51.22%
2017	0.01214%	182,000	2,163,422	8.41%	48.86%
<b>Component Unit School Board (Professional)</b>					
2023	0.11100%	\$ 1,331,238	\$ 26,146,579	5.09%	69.30%
2022	0.11480%	1,382,664	24,978,476	5.54%	67.21%
2021	0.11190%	1,303,285	23,105,946	5.64%	67.45%
2020	0.11180%	1,865,592	23,028,428	8.10%	52.64%
2019	0.11514%	1,873,634	22,563,997	8.30%	52.00%
2018	0.11732%	1,782,000	22,285,300	8.00%	51.22%
2017	0.12255%	1,844,000	22,470,905	8.21%	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 Smyth, Virginia  
Schedule of Employer Contributions  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2017 through June 30, 2024

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)
<b>Primary Government</b>					
2024	\$ 58,967	\$ 58,967	\$ -	\$ 10,919,820	0.54%
2023	52,608	52,608	-	9,742,305	0.54%
2022	46,866	46,866	-	8,678,840	0.54%
2021	42,613	42,613	-	7,890,797	0.54%
2020	39,219	39,219	-	7,590,104	0.52%
2019	37,799	37,799	-	7,239,182	0.52%
2018	36,841	36,841	-	6,922,774	0.53%
2017	36,388	36,388	-	6,922,002	0.53%
<b>Component Unit Library</b>					
2024	\$ 2,191	\$ 2,191	\$ -	\$ 405,797	0.54%
2023	2,158	2,158	-	399,633	0.54%
2022	1,868	1,868	-	345,900	0.54%
2021	1,730	1,730	-	320,375	0.54%
2020	1,869	1,869	-	361,712	0.52%
2019	2,236	2,236	-	459,618	0.49%
2018	2,339	2,339	-	488,528	0.48%
2017	2,212	2,212	-	427,337	0.52%
<b>Component Unit School Board (Nonprofessional)</b>					
2024	\$ 14,225	\$ 14,225	\$ -	\$ 2,634,318	0.54%
2023	13,564	13,564	-	2,511,833	0.54%
2022	12,313	12,313	-	2,280,116	0.54%
2021	11,256	11,256	-	2,084,505	0.54%
2020	10,997	10,997	-	2,116,831	0.52%
2019	11,108	11,108	-	2,136,181	0.52%
2018	11,345	11,345	-	2,156,076	0.53%
2017	11,647	11,647	-	2,163,422	0.54%
<b>Component Unit School Board (Professional)</b>					
2024	\$ 147,379	\$ 147,379	\$ -	\$ 27,292,425	0.54%
2023	141,192	141,192	-	26,146,579	0.54%
2022	134,884	134,884	-	24,978,476	0.54%
2021	124,890	124,890	-	23,105,946	0.54%
2020	119,608	119,608	-	23,028,428	0.52%
2019	117,333	117,333	-	22,563,997	0.52%
2018	116,001	116,001	-	22,285,300	0.52%
2017	117,551	117,551	-	22,470,905	0.52%

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

**County of Smyth, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2024**

**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, 2022 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, 2021. 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 Smyth, 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, 2023

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2023	0.21614%	\$ 3,166,039	\$ 26,059,389	12.15%	17.90%
2022	0.26694%	3,334,205	24,879,035	13.40%	15.08%
2021	0.25961%	3,332,274	22,956,780	14.52%	13.15%
2020	0.26170%	3,414,442	22,988,670	14.85%	9.95%
2019	0.26764%	3,503,668	22,434,009	15.62%	8.97%
2018	0.27565%	3,500,000	22,285,300	15.71%	8.08%
2017	0.28471%	3,611,000	22,470,905	16.07%	7.04%

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

County of Smyth, Virginia  
Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2017 through June 30, 2024

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)
<b>Component Unit-School Board (Professional)</b>					
2024	\$ 329,687	\$ 329,687	\$ -	\$ 27,246,894	1.21%
2023	315,319	315,319	-	26,059,389	1.21%
2022	301,036	301,036	-	24,879,035	1.21%
2021	278,037	278,037	-	22,956,780	1.21%
2020	275,617	275,617	-	22,988,670	1.20%
2019	269,208	269,208	-	22,434,009	1.20%
2018	274,110	274,110	-	22,285,300	1.23%
2017	249,411	249,411	-	22,470,905	1.11%

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



County of Smyth, Virginia  
Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2024

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**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, 2022 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, 2021. 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 Smyth, Virginia  
Schedule of Changes in the Component Unit School Board's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2020 through June 30, 2023

	2023	2022	2021	2020
<b>Total HIC OPEB Liability</b>				
Service cost	\$ 2,554	\$ 2,500	\$ 3,355	\$ -
Interest	26,669	25,860	23,526	-
Changes in benefit terms	(13,586)	(13,077)	-	348,524
Differences between expected and actual experience	(175,294)	(36,405)	-	-
Changes of assumptions	-	33,313	11,739	-
<b>Net change in total HIC OPEB liability</b>	<b>\$ (159,657)</b>	<b>\$ 12,191</b>	<b>\$ 38,620</b>	<b>\$ 348,524</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>399,335</b>	<b>387,144</b>	<b>348,524</b>	<b>-</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 239,678</b>	<b>\$ 399,335</b>	<b>\$ 387,144</b>	<b>\$ 348,524</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 36,372	\$ 27,529	\$ 25,130	\$ -
Net investment income	3,764	(283)	3,375	-
Benefit payments	(13,586)	(13,077)	(111)	-
Administrator charges	(97)	(82)	-	-
Other	8	135	-	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 26,461</b>	<b>\$ 14,222</b>	<b>\$ 28,394</b>	<b>\$ -</b>
<b>Plan fiduciary net position - beginning</b>	<b>42,616</b>	<b>28,394</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 69,077</b>	<b>\$ 42,616</b>	<b>\$ 28,394</b>	<b>\$ -</b>
<b>Component Unit School Board's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 170,601</b>	<b>\$ 356,719</b>	<b>\$ 358,750</b>	<b>\$ 348,524</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>28.82%</b>	<b>10.67%</b>	<b>7.33%</b>	<b>-</b>
<b>Covered payroll</b>	<b>\$ 2,508,452</b>	<b>\$ 2,275,166</b>	<b>\$ 2,076,828</b>	<b>\$ -</b>
<b>Component Unit School Board's net HIC OPEB liability as a percentage of covered payroll</b>	<b>6.80%</b>	<b>15.68%</b>	<b>17.27%</b>	<b>-</b>

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

County of Smyth, Virginia  
Schedule of Employer Contributions  
Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2021 through June 30, 2024

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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)
2024	\$ 38,152	\$ 38,152	\$ -	\$ 2,631,205	1.45%
2023	36,373	36,373	-	2,508,452	1.45%
2022	27,530	27,530	-	2,275,166	1.21%
2021	25,130	25,130	-	2,076,828	1.21%

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

County of Smyth, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2024

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**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, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

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

## Other Supplementary Information

County of Smyth, Virginia  
Combining Statement of Net Position  
Proprietary Funds  
June 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Accounts receivable, net of allowance for uncollectibles	\$ 163,539	\$ 123,936	\$ 287,475
Internal balances	889,845	(889,845)	-
Total current assets	<u>\$ 1,053,384</u>	<u>\$ (765,909)</u>	<u>\$ 287,475</u>
Noncurrent assets:			
Capital assets not being depreciated	\$ 25,504	\$ 19,327	\$ 44,831
Capital assets, net of accumulated depreciation	10,266,026	7,779,972	18,045,998
Total noncurrent assets	<u>\$ 10,291,530</u>	<u>\$ 7,799,299</u>	<u>\$ 18,090,829</u>
Total assets	<u>\$ 11,344,914</u>	<u>\$ 7,033,390</u>	<u>\$ 18,378,304</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 29,361	\$ 22,250	\$ 51,611
OPEB related items	9,956	7,545	17,501
Total deferred outflows of resources	<u>\$ 39,317</u>	<u>\$ 29,795</u>	<u>\$ 69,112</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 97,132	\$ 73,610	\$ 170,742
Customers' deposits	1,089	825	1,914
Accrued interest payable	28,494	21,594	50,088
Compensated absences - current portion	8,252	6,254	14,506
Bonds payable - current portion	358,393	271,604	629,997
Total current liabilities	<u>\$ 493,360</u>	<u>\$ 373,887</u>	<u>\$ 867,247</u>
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 2,751	\$ 2,084	\$ 4,835
Bonds payable - net of current portion	4,027,076	3,051,866	7,078,942
Net OPEB liabilities	41,048	31,107	72,155
Net pension liability	61,613	46,692	108,305
Total noncurrent liabilities	<u>\$ 4,132,488</u>	<u>\$ 3,131,749</u>	<u>\$ 7,264,237</u>
Total liabilities	<u>\$ 4,625,848</u>	<u>\$ 3,505,636</u>	<u>\$ 8,131,484</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 19,899	\$ 15,080	\$ 34,979
OPEB related items	9,384	7,111	16,495
Total deferred inflows of resources	<u>\$ 29,283</u>	<u>\$ 22,191</u>	<u>\$ 51,474</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 5,906,060	\$ 4,475,830	\$ 10,381,890
Unrestricted (deficit)	823,040	(940,472)	(117,432)
Total net position	<u>\$ 6,729,100</u>	<u>\$ 3,535,358</u>	<u>\$ 10,264,458</u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.

County of Smyth, Virginia  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2024

	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 1,349,511	\$ -	\$ 1,349,511
Sewer revenues	-	1,022,709	1,022,709
Connection fees	7,253	5,497	12,750
Penalties	9,328	7,069	16,397
Service charges	16,305	12,357	28,662
Application fees	2,788	2,112	4,900
Miscellaneous	12,371	9,375	21,746
Total operating revenues	<u>\$ 1,397,556</u>	<u>\$ 1,059,119</u>	<u>\$ 2,456,675</u>
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 301,695	\$ 228,635	\$ 530,330
Water purchases	299,612	227,057	526,669
Water and wastewater service	329,821	249,950	579,771
Automotive expenses	27,911	21,152	49,063
Office supplies	14,752	11,180	25,932
Uniforms	1,917	1,452	3,369
Utilities	39,622	30,027	69,649
Permits	6,975	5,286	12,261
Postage	538	408	946
Telephone	5,556	4,210	9,766
Maintenance supplies	44,595	33,795	78,390
Repair and maintenance	32,650	24,743	57,393
Capital projects	22,558	17,096	39,654
Miscellaneous	22,445	17,010	39,455
Depreciation	829,751	628,815	1,458,566
Total operating expenses	<u>\$ 1,980,398</u>	<u>\$ 1,500,816</u>	<u>\$ 3,481,214</u>
Operating income (loss)	<u>\$ (582,842)</u>	<u>\$ (441,697)</u>	<u>\$ (1,024,539)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense	<u>\$ (103,374)</u>	<u>\$ (78,340)</u>	<u>\$ (181,714)</u>
Income (loss) before transfers	<u>\$ (686,216)</u>	<u>\$ (520,037)</u>	<u>\$ (1,206,253)</u>
Transfers out	<u>\$ 132,754</u>	<u>\$ 100,606</u>	<u>\$ 233,360</u>
Change in net position	<u>\$ (553,462)</u>	<u>\$ (419,431)</u>	<u>\$ (972,893)</u>
Total net position - beginning	7,282,562	3,954,789	11,237,351
Total net position - ending	<u><u>\$ 6,729,100</u></u>	<u><u>\$ 3,535,358</u></u>	<u><u>\$ 10,264,458</u></u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.

County of Smyth, Virginia  
Combining Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,483,222	\$ 1,124,040	\$ 2,607,262
Payments to suppliers	(794,754)	(602,293)	(1,397,047)
Payments to employees	(306,947)	(232,615)	(539,562)
Net cash provided by (used for) operating activities	<u>\$ 381,521</u>	<u>\$ 289,132</u>	<u>\$ 670,653</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	\$ 132,754	\$ 100,606	\$ 233,360
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to utility plant	\$ (50,926)	\$ (38,593)	\$ (89,519)
Principal payments on bonds	(308,245)	(233,600)	(541,845)
Interest payments	(155,104)	(117,545)	(272,649)
Net cash provided by (used for) capital and related financing activities	<u>\$ (514,275)</u>	<u>\$ (389,738)</u>	<u>\$ (904,013)</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ -
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (582,841)	\$ (441,698)	\$ (1,024,539)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 829,751	\$ 628,815	\$ 1,458,566
(Increase) decrease in accounts receivable	85,666	64,921	150,587
(Increase) decrease in deferred outflows of resources	2,459	1,864	4,323
Increase (decrease) in accounts payable	54,198	41,073	95,271
Increase (decrease) in compensated absences	(3,331)	(2,524)	(5,855)
Increase (decrease) in net OPEB liabilities	956	725	1,681
Increase (decrease) in net pension liability	10,979	8,321	19,300
Increase (decrease) in deferred inflows of resources	(16,316)	(12,365)	(28,681)
Total adjustments	<u>\$ 964,362</u>	<u>\$ 730,830</u>	<u>\$ 1,695,192</u>
Net cash provided by (used for) operating activities	<u>\$ 381,521</u>	<u>\$ 289,132</u>	<u>\$ 670,653</u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.



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**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

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**MAJOR GOVERNMENTAL FUNDS**

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

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

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County of Smyth, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2024

	School Operating Fund	School Activity Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,331,559	\$ 1,368,002	\$ 3,699,561
Investments	846,824	-	846,824
Receivables (net of allowance for uncollectibles):			
Accounts receivable	343,055	-	343,055
Due from primary government	7,973,886	-	7,973,886
Due from other governmental units	2,503,719	-	2,503,719
Inventories	68,600	-	68,600
Prepaid items	672,917	-	672,917
Total assets	<u>\$ 14,740,560</u>	<u>\$ 1,368,002</u>	<u>\$ 16,108,562</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 494,991	\$ -	\$ 494,991
Accrued liabilities	5,939,370	-	5,939,370
Unearned revenue	2,200,000	-	2,200,000
Total liabilities	<u>\$ 8,634,361</u>	<u>\$ -</u>	<u>\$ 8,634,361</u>
<b>FUND BALANCE</b>			
Nonspendable			
Prepaid items	\$ 672,917	\$ -	\$ 672,917
Inventories	68,600	-	68,600
Committed			
Textbooks	2,669,953	-	2,669,953
School Activity Funds	-	1,368,002	1,368,002
Restricted			
School cafeterias	508,430	-	508,430
School construction	2,186,299	-	2,186,299
Total fund balances	<u>\$ 6,106,199</u>	<u>\$ 1,368,002</u>	<u>\$ 7,474,201</u>
Total liabilities and fund balances	<u>\$ 14,740,560</u>	<u>\$ 1,368,002</u>	<u>\$ 16,108,562</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 7,474,201
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets not depreciated		\$ 1,151,447	
Capital assets being depreciated/amortized		<u>12,395,541</u>	13,546,988
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 8,665,019	
OPEB related items		<u>1,500,183</u>	10,165,202
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		\$ (510,450)	
Lease liabilities		(48,901)	
Net OPEB liabilities		(8,529,725)	
Net pension liability		<u>(27,298,140)</u>	(36,387,216)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (3,933,230)	
OPEB related items		<u>(1,856,183)</u>	(5,789,413)
Net position of governmental activities			<u>\$ (10,990,238)</u>

County of Smyth, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Fund - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2024

	School Operating Fund	School Activity Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 37,145	\$ -	\$ 37,145
Charges for services	786,386	2,174,417	2,960,803
Miscellaneous	1,640	-	1,640
Recovered costs	896,902	-	896,902
Intergovernmental	63,237,334	-	63,237,334
Total revenues	<u>\$ 64,959,407</u>	<u>\$ 2,174,417</u>	<u>\$ 67,133,824</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 63,966,204	\$ 2,753,082	\$ 66,719,286
Debt service:			
Principal retirement	34,811	-	34,811
Interest and other fiscal charges	1,000	-	1,000
Total expenditures	<u>\$ 64,002,015</u>	<u>\$ 2,753,082</u>	<u>\$ 66,755,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 957,392</u>	<u>\$ (578,665)</u>	<u>\$ 378,727</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 765,077	\$ 765,077
Transfers out	(765,077)	-	(765,077)
Total other financing sources (uses)	<u>\$ (765,077)</u>	<u>\$ 765,077</u>	<u>\$ -</u>
Net change in fund balances	\$ 192,315	\$ 186,412	\$ 378,727
Fund balances - beginning, as previously reported	5,913,884	853,664	6,767,548
Adjustments	-	327,926	327,926
Fund balances - beginning, as restated	<u>\$ 5,913,884</u>	<u>\$ 1,181,590</u>	<u>\$ 7,095,474</u>
Fund balances - ending	<u>\$ 6,106,199</u>	<u>\$ 1,368,002</u>	<u>\$ 7,474,201</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ 378,727
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. These are the details of items supporting this adjustment:			
Capital outlays		\$ 4,504,111	
Depreciation and amortization expenses		(1,204,463)	3,299,648
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. These are the details of items supporting this adjustment:			
Contribution of asset to EDA		\$ (60,585)	
Loss on disposal of assets		(440)	(61,025)
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.			
Principal repayments:			
Leases payable			34,811
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			392,929
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		\$ (63,075)	
Change in OPEB related items		590,056	
Change in pension related items		2,481,783	3,008,764
Change in net position of governmental activities			<u>\$ 7,053,854</u>

County of Smyth, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2024

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 37,145	\$ 37,145
Charges for services	2,258,326	2,258,326	786,386	(1,471,940)
Miscellaneous	2,186,040	2,186,040	1,640	(2,184,400)
Recovered costs	2,753,272	2,753,272	896,902	(1,856,370)
Intergovernmental	66,532,279	66,532,279	63,237,334	(3,294,945)
Total revenues	\$ 73,729,917	\$ 73,729,917	\$ 64,959,407	\$ (8,770,510)
EXPENDITURES				
Current:				
Education	\$ 73,694,106	\$ 72,929,029	\$ 63,966,204	\$ 8,962,825
Debt service:				
Principal retirement	34,811	34,811	34,811	-
Interest and other fiscal charges	1,000	1,000	1,000	-
Total expenditures	\$ 73,729,917	\$ 72,964,840	\$ 64,002,015	\$ 8,962,825
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 765,077	\$ 957,392	\$ 192,315
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (765,077)	\$ (765,077)	\$ -
Total other financing sources and uses	\$ -	\$ (765,077)	\$ (765,077)	\$ -
Net change in fund balances	\$ -	\$ -	\$ 192,315	\$ 192,315
Fund balances - beginning	-	-	5,913,884	5,913,884
Fund balances - ending	\$ -	\$ -	\$ 6,106,199	\$ 6,106,199

**DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC  
DEVELOPMENT AUTHORITY**

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**MAJOR GOVERNMENTAL FUNDS**

Economic Development Authority (EDA) - The EDA operating fund account is an enterprise fund that accounts for the County's Component-unit EDA.

County of Smyth, Virginia  
Statement of Net Position - Proprietary Fund  
Discretely Presented Component Unit - Economic Development Authority  
June 30, 2024

	<u>EDA Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,025,874
Leases receivable, current portion	75,893
Total current assets	<u>\$ 1,101,767</u>
Noncurrent assets:	
Leases receivable, noncurrent portion	\$ 241,181
Capital assets not being depreciated	137,688
Capital assets, net of accumulated depreciation	3,923,733
Total capital assets	<u>\$ 4,061,421</u>
Total noncurrent assets	<u>\$ 4,302,602</u>
Total assets	<u>\$ 5,404,369</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 24,796
Due to primary government	1,341,882
Notes payable, current portion	36,691
Total current liabilities	<u>\$ 1,403,369</u>
Noncurrent liabilities:	
Advance from County	\$ 1,505,877
Notes payable, noncurrent portion	861,896
Total noncurrent liabilities	<u>\$ 2,367,773</u>
Total liabilities	<u>\$ 3,771,142</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease related	<u>\$ 309,639</u>
<b>NET POSITION</b>	
Investment in capital assets	\$ 1,656,957
Unrestricted	(333,369)
Total net position	<u><u>\$ 1,323,588</u></u>

County of Smyth, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
Discretely Presented Component Unit - Economic Development Authority  
For the Year Ended June 30, 2024

	<u>EDA Fund</u>
<b>OPERATING REVENUES</b>	
Miscellaneous	\$ 107,451
Project Learn receipts	100,323
Total operating revenues	<u>\$ 207,774</u>
<b>OPERATING EXPENSES</b>	
Grant awards	\$ 482,834
Miscellaneous	323,989
Depreciation	93,389
Total operating expenses	<u>\$ 900,212</u>
Operating income (loss)	<u>\$ (692,438)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income from leases	\$ 10,252
Interest expense	(29,832)
Rental income	77,516
Local Contribution	308,323
Contribution from State	521,054
Total nonoperating revenues (expenses)	<u>\$ 887,313</u>
Income before capital contributions	<u>\$ 194,875</u>
Capital contributions and construction grants	60,585
Change in net position	<u>\$ 255,460</u>
Total net position - beginning	1,068,128
Total net position - ending	<u><u>\$ 1,323,588</u></u>

County of Smyth, Virginia  
Statement of Cash Flows - Proprietary Fund  
Discretely Presented Component Unit - Economic Development Authority  
For the Year Ended June 30, 2024

	EDA Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments for operating expenses	\$ (978,879)
Other receipts	747,150
Net cash provided by (used for) operating activities	<u>\$ (231,729)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Local Contribution	\$ 308,323
State Contribution	521,054
Net cash provided by (used for) noncapital financing activities	<u>\$ 829,377</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Payments for property and construction	\$ (315,240)
Principal payments on notes payable	(35,520)
Interest expense	(29,832)
Principal payments on lease receivable	73,748
Net cash provided by (used for) capital and related financing activities	<u>\$ (306,844)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale (purchase) of investments	\$ 610,943
Interest income from leases receivable	10,252
Net cash provided by (used for) investing activities	<u>\$ 621,195</u>
Net increase (decrease) in cash and cash equivalents	\$ 911,999
Cash and cash equivalents - beginning	113,875
Cash and cash equivalents - ending	<u><u>\$ 1,025,874</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (692,438)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 93,389
Increase (decrease) in accounts payable	(172,056)
Increase (decrease) in due to primary government	539,376
Total adjustments	<u>\$ 460,709</u>
Net cash provided by (used for) operating activities	<u><u>\$ (231,729)</u></u>
<b>Noncash investing, capital, and financing activities:</b>	
Contribution of capital assets from school board, gross	\$ 160,557
Contribution of capital assets from school board, accumulated depreciation	(99,972)
Contribution of capital assets, net	<u>60,585</u>



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## STATISTICAL INFORMATION

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Table 1

County of Smyth, Virginia  
Net Position by Component  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 14,091,455	\$ 11,390,729	\$ 11,174,543	\$ 10,597,262	\$ 8,483,398	\$ 8,163,198	\$ 7,410,590	\$ 8,038,644	\$ 8,244,411	\$ 9,369,305
Restricted	24,109,835	11,434,317	4,552,026	1,588,663	1,602,271	752,619	1,480,166	1,719,619	668,635	-
Unrestricted	(8,498,848)	7,255,462	9,174,370	8,791,571	7,447,500	6,903,727	5,821,151	4,836,863	3,351,486	(1,973,096)
Total governmental activities net position	\$ 29,702,442	\$ 30,080,508	\$ 24,900,939	\$ 20,977,496	\$ 17,533,169	\$ 15,819,544	\$ 14,711,907	\$ 14,595,126	\$ 12,264,532	\$ 7,396,209
<b>Business-type activities</b>										
Net investment in capital assets	\$ 10,381,890	\$ 11,130,382	\$ 11,941,602	\$ 13,164,789	\$ 13,645,145	\$ 14,609,381	\$ 15,469,911	\$ 13,773,956	\$ 14,867,097	\$ 15,755,398
Restricted	-	-	11,617	-	-	-	-	-	-	-
Unrestricted	(117,432)	106,969	(37,396)	58,719	(26,163)	(10,569)	(268,008)	(175,296)	(199,122)	23,421
Total business-type activities net position	\$ 10,264,458	\$ 11,237,351	\$ 11,915,823	\$ 13,223,508	\$ 13,618,982	\$ 14,598,812	\$ 15,201,903	\$ 13,598,660	\$ 14,667,975	\$ 15,778,819
<b>Primary government</b>										
Net investment in capital assets	\$ 24,473,345	\$ 22,521,111	\$ 23,116,145	\$ 23,762,051	\$ 22,128,543	\$ 22,772,579	\$ 22,880,501	\$ 21,812,600	\$ 23,111,508	\$ 25,124,703
Restricted	24,109,835	11,434,317	4,563,643	1,588,663	1,602,271	752,619	1,480,166	1,719,619	668,635	-
Unrestricted	(8,616,280)	7,362,431	9,136,974	8,850,290	7,421,337	6,893,158	5,553,143	4,661,567	3,152,364	(1,949,675)
Total primary government net position	\$ 39,966,900	\$ 41,317,859	\$ 36,816,762	\$ 34,201,004	\$ 31,152,151	\$ 30,418,356	\$ 29,913,810	\$ 28,193,786	\$ 26,932,507	\$ 23,175,028

County of Smyth, Virginia  
Change in Net Position by Component  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Expenses</b>									
<b>Governmental activities</b>									
General government administration	\$ 6,801,080	\$ 4,464,208	\$ 2,793,211	\$ 2,434,213	\$ 3,367,652	\$ 2,359,637	\$ 2,108,251	\$ 2,663,712	\$ 2,522,032
Judicial administration	2,624,613	2,415,446	2,368,944	2,487,513	2,333,043	2,167,499	2,085,710	1,638,101	1,591,793
Public safety	12,403,962	11,344,430	10,257,834	9,694,665	9,065,015	8,709,906	8,492,659	8,539,095	7,610,041
Public works	2,751,969	3,426,027	2,934,224	2,658,740	2,075,707	1,983,495	2,148,119	2,059,998	2,548,965
Health and welfare	10,974,941	9,736,165	9,205,485	8,917,782	7,628,329	6,743,163	6,735,510	6,328,638	6,281,076
Education	10,663,357	10,500,166	9,014,939	9,107,198	9,660,316	9,176,867	9,328,944	8,568,359	6,682,117
Parks, recreation, and cultural	1,362,412	1,051,973	839,307	711,535	709,638	729,789	770,828	764,591	1,292,528
Community development	485,124	571,139	962,815	2,509,137	427,542	1,029,016	368,790	327,775	334,389
Interest on long-term debt	1,633,766	1,142,077	961,558	871,985	896,280	962,475	1,019,376	1,572,972	1,219,313
Total governmental activities	\$ 49,701,224	\$ 44,651,631	\$ 39,338,317	\$ 39,392,768	\$ 36,163,522	\$ 33,861,847	\$ 33,058,187	\$ 32,463,241	\$ 30,082,254
<b>Business-type activities</b>									
Water and sewer	\$ 3,662,928	\$ 3,312,810	\$ 3,346,363	\$ 3,200,368	\$ 3,152,325	\$ 2,914,947	\$ 2,944,311	\$ 2,927,130	\$ 3,116,610
Total business-type activities	\$ 3,662,928	\$ 3,312,810	\$ 3,346,363	\$ 3,200,368	\$ 3,152,325	\$ 2,914,947	\$ 2,944,311	\$ 2,927,130	\$ 3,116,610
Total primary government expenses	\$ 53,364,152	\$ 47,964,441	\$ 42,684,680	\$ 42,593,136	\$ 39,315,847	\$ 36,776,794	\$ 36,002,498	\$ 35,390,371	\$ 33,198,864
<b>Program Revenues</b>									
<b>Governmental activities</b>									
Charges for services	\$								
General government administration	\$ 268,425	\$ 255,316	\$ 39,759	\$ 8,824	\$ 7,882	\$ 10,380	\$ 17,828	\$ 37,877	\$ 32,444
Judicial administration	670,590	606,883	623,587	881,222	1,030,379	1,095,915	942,952	829,133	1,096,273
Public safety	826,426	321,981	267,518	349,142	287,438	365,302	336,387	317,298	356,496
Public works	1,341,472	1,118,739	872,683	836,597	910,170	854,695	821,118	1,012,486	1,025,428
Operating grants and contributions	14,559,441	16,429,906	12,752,610	15,051,714	9,782,392	8,783,861	8,265,629	7,944,314	7,722,207
Total governmental activities program revenues	\$ 17,666,354	\$ 18,732,825	\$ 14,556,157	\$ 17,127,499	\$ 12,018,261	\$ 11,110,153	\$ 10,383,914	\$ 10,141,108	\$ 10,232,848
<b>Business-type activities</b>									
Charges for services	\$								
Water and sewer	\$ 2,434,929	\$ 2,451,843	\$ 2,268,056	\$ 2,173,737	\$ 2,210,147	\$ 2,250,002	\$ 2,195,392	\$ 2,204,954	\$ 2,021,625
Capital grants and contributions	-	-	-	311,496	12,194	265,885	2,530,983	104,237	59,975
Total business-type activities program revenues	\$ 2,434,929	\$ 2,451,843	\$ 2,268,056	\$ 2,485,233	\$ 2,222,341	\$ 2,515,887	\$ 4,726,375	\$ 2,309,191	\$ 2,081,600
Total primary government program revenues	\$ 20,101,283	\$ 21,184,668	\$	\$ 19,612,732	\$ 14,240,602	\$ 13,626,040	\$ 15,110,289	\$ 12,450,299	\$ 12,314,448
<b>Net (expense) revenue</b>									
Governmental activities	\$ (32,034,870)	\$ (25,918,806)	\$ (24,782,160)	\$ (22,265,269)	\$ (24,145,261)	\$ (22,751,694)	\$ (22,674,273)	\$ (22,322,133)	\$ (19,849,406)
Business-type activities	(1,227,999)	(860,967)	(1,078,307)	(715,135)	(929,984)	(399,060)	1,782,064	(617,939)	(1,035,010)
Total primary government net expense	\$ (33,262,869)	\$ (26,779,773)	\$ (25,860,467)	\$ (22,980,404)	\$ (25,075,245)	\$ (23,150,754)	\$ (20,892,209)	\$ (22,940,072)	\$ (20,884,416)

County of Smyth, Virginia  
Change in Net Position by Component  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>General Revenues and Other Changes in Net Position</b>									
Governmental activities:									
Taxes:									
General property taxes	\$ 21,431,483	\$ 21,908,032	\$ 20,257,881	\$ 19,089,572	\$ 17,910,662	\$ 16,973,046	\$ 17,194,583	\$ 16,785,337	\$ 16,956,694
Other local taxes	4,729,470	4,762,174	4,238,306	3,925,346	3,791,344	3,540,355	3,529,183	3,444,795	3,370,056
Unrestricted grants and contributions	3,203,711	2,571,592	2,582,352	2,544,230	2,628,722	2,634,424	2,694,976	2,580,995	2,527,873
Unrestricted revenues from use of money and property	1,402,058	865,922	281,637	250,481	320,471	355,426	269,998	227,311	138,545
Miscellaneous	1,123,442	1,165,902	1,054,206	219,628	157,841	152,049	258,209	240,957	160,814
Transfers	(233,360)	(175,247)	(267,801)	(319,661)	49,846	204,031	161,140	451,376	(22,848)
Total governmental activities	\$ 31,656,804	\$ 31,098,375	\$ 28,146,581	\$ 25,709,596	\$ 24,858,886	\$ 23,859,331	\$ 24,108,089	\$ 23,730,771	\$ 23,131,134
Business-type activities:									
Miscellaneous	\$ 21,746	\$ 7,248	\$ 61,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	233,360	175,247	267,801	319,661	(49,846)	(204,031)	(161,140)	(451,376)	22,848
Total business-type activities	\$ 255,106	\$ 182,495	\$ 329,644	\$ 319,661	\$ (49,846)	\$ (204,031)	\$ (161,140)	\$ (451,376)	\$ 22,848
Total primary government	\$ 31,911,910	\$ 31,280,870	\$ 28,476,225	\$ 26,029,257	\$ 24,809,040	\$ 23,655,300	\$ 23,946,949	\$ 23,279,395	\$ 23,153,982
<b>Change in Net Position</b>									
Governmental activities	\$ (378,066)	\$ 5,179,569	\$ 3,364,421	\$ 3,444,327	\$ 1,713,625	\$ 1,107,637	\$ 1,433,816	\$ 1,408,638	\$ 3,281,728
Business-type activities	(972,893)	(678,472)	(748,663)	(395,474)	(979,830)	(603,091)	1,620,924	(1,069,315)	(1,012,162)
Total primary government	\$ (1,350,959)	\$ 4,501,097	\$ 2,615,758	\$ 3,048,853	\$ 733,795	\$ 504,546	\$ 3,054,740	\$ 339,323	\$ 2,269,566

Table 3

County of Smyth, Virginia  
Fund Balance - Governmental Fund  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	\$ 198,917	\$ 179,287	\$ 149,473	\$ 171,678	\$ 134,252	\$ 181,639	\$ 184,089	\$ 170,692	\$ 165,535	\$ 205,182
Restricted	23,139,785	10,887,029	3,557,520	1,588,663	1,602,271	752,619	1,480,166	1,719,619	7,053,698	12,560,956
Committed	195,213	176,017	275,711	227,520	314,009	718,986	945,049	1,108,674	1,241,351	47,531
Unassigned	13,710,554	20,613,867	15,770,817	13,627,947	11,101,414	9,358,844	7,893,953	6,431,674	5,158,382	3,059,388
Total general fund	\$ 37,244,469	\$ 31,856,200	\$ 19,753,521	\$ 15,615,808	\$ 13,151,946	\$ 11,012,088	\$ 10,503,257	\$ 9,430,659	\$ 13,618,966	\$ 15,873,057

Table 4

County of Smyth, Virginia  
Changes in Fund Balance, Governmental Fund  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Revenues</b>										
General property taxes	\$ 21,461,132	\$ 21,884,538	\$ 20,236,591	\$ 19,619,232	\$ 17,930,375	\$ 17,453,207	\$ 17,124,424	\$ 16,516,355	\$ 16,947,861	\$ 16,278,485
Other local taxes	4,729,470	4,762,174	4,238,306	3,925,346	3,791,344	3,540,355	3,529,183	3,444,795	3,370,056	3,880,265
Permits, privilege fees, and licenses	138,320	79,688	65,045	61,333	111,689	85,185	129,113	113,794	135,421	95,901
Fines and forfeitures	658,256	595,470	612,313	871,402	1,019,041	1,078,773	928,528	814,522	1,082,497	1,280,930
Revenue from use of money and property	1,601,579	1,046,459	281,637	250,481	320,471	355,426	269,998	227,311	138,545	242,917
Charges for services	2,110,816	1,447,224	1,126,189	1,143,050	1,105,139	1,162,334	1,060,644	1,268,478	1,292,723	1,236,967
Recovered costs	711,701	467,089	1,450,736	1,245,807	817,164	532,836	848,829	398,251	301,480	234,006
Other	700,681	1,287,576	385,244	219,628	157,841	152,049	258,209	240,957	160,814	224,296
Intergovernmental	18,223,855	19,460,845	15,766,865	18,083,057	12,922,059	11,865,953	11,376,635	10,525,309	10,250,080	9,388,971
<b>Total revenues</b>	<b>\$ 50,335,810</b>	<b>\$ 51,031,063</b>	<b>\$ 44,162,926</b>	<b>\$ 45,419,336</b>	<b>\$ 38,175,123</b>	<b>\$ 36,226,118</b>	<b>\$ 35,525,563</b>	<b>\$ 33,549,772</b>	<b>\$ 33,679,477</b>	<b>\$ 32,862,738</b>
<b>Expenditures</b>										
General government administration	\$ 6,540,746	\$ 5,741,333	\$ 3,085,399	\$ 3,022,938	\$ 2,367,900	\$ 2,468,213	\$ 2,637,943	\$ 2,680,532	\$ 2,274,638	\$ 2,160,543
Judicial administration	2,094,765	1,971,504	1,940,847	1,908,480	1,857,567	1,807,747	1,683,976	1,601,951	1,554,655	1,809,226
Public safety	13,539,994	11,713,324	10,688,937	11,024,808	9,424,124	9,186,164	8,814,969	8,200,093	7,625,091	6,746,242
Public works	3,663,993	3,201,439	2,623,595	2,647,229	2,135,887	2,482,529	2,190,945	2,364,772	2,322,184	1,906,816
Health and welfare	10,991,411	9,899,628	9,367,160	8,753,992	7,608,179	7,120,994	7,027,227	6,413,303	6,359,049	5,404,748
Education	10,338,174	9,653,546	8,170,836	8,209,775	8,748,338	7,818,509	7,984,685	7,296,634	5,378,772	8,275,288
Parks, recreation, and cultural	1,451,907	1,114,307	883,061	731,111	732,090	732,090	772,090	764,563	914,558	976,479
Community development	335,309	214,663	679,053	2,506,328	254,048	235,449	258,773	329,678	339,554	1,186,002
Capital projects	1,204,182	1,228,087	426,189	-	1,423	-	-	5,857,294	5,593,129	6,946,025
Debt service:										
Principal retirement	2,779,736	2,696,717	2,862,560	2,160,612	2,108,919	2,327,376	2,010,009	2,089,810	1,933,169	1,970,201
Bond issuance cost	291,844	168,155	74,563	-	39,470	-	-	-	-	-
Interest and other fiscal charges	1,833,330	1,650,434	1,623,664	1,670,540	1,712,166	1,742,247	1,801,007	1,466,236	1,628,640	1,408,231
<b>Total expenditures</b>	<b>\$ 55,065,391</b>	<b>\$ 49,253,137</b>	<b>\$ 42,425,864</b>	<b>\$ 42,635,813</b>	<b>\$ 36,990,111</b>	<b>\$ 35,921,318</b>	<b>\$ 35,181,624</b>	<b>\$ 39,064,866</b>	<b>\$ 35,923,439</b>	<b>\$ 38,789,801</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (4,729,581)</b>	<b>\$ 1,777,926</b>	<b>\$ 1,737,062</b>	<b>\$ 2,783,523</b>	<b>\$ 1,185,012</b>	<b>\$ 304,800</b>	<b>\$ 343,939</b>	<b>\$ (5,515,094)</b>	<b>\$ (2,243,962)</b>	<b>\$ (5,927,063)</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,970,000
Issuance of loan payable	13,351,210	10,500,000	2,633,000	-	-	-	-	1,156,824	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	20,454,976	-	-
Issuance of bridge loan	-	-	-	-	-	-	-	2,300,000	-	-
Issuance of capital lease	-	-	-	-	905,000	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(23,036,389)	-	(14,233,704)
Bond issuance costs	-	-	-	-	-	-	-	-	-	(108,102)
Premium on bonds	-	-	-	-	-	-	-	-	-	1,272,643
Sale of capital assets	-	-	-	-	-	-	-	-	12,719	-
Transfers in	-	-	-	-	-	-	-	-	-	183,763
Transfers out	(233,360)	(175,247)	(267,801)	(319,661)	49,846	204,031	161,140	451,376	(22,848)	(275,472)
<b>Total other financing sources (uses)</b>	<b>\$ 13,117,850</b>	<b>\$ 10,324,753</b>	<b>\$ 2,365,199</b>	<b>\$ (319,661)</b>	<b>\$ 954,846</b>	<b>\$ 204,031</b>	<b>\$ 161,140</b>	<b>\$ 1,326,787</b>	<b>\$ (10,129)</b>	<b>\$ (2,190,872)</b>
<b>Net change in fund balance</b>	<b>\$ 8,388,269</b>	<b>\$ 12,102,679</b>	<b>\$ 4,102,261</b>	<b>\$ 2,463,862</b>	<b>\$ 2,139,858</b>	<b>\$ 508,831</b>	<b>\$ 505,079</b>	<b>\$ (4,188,307)</b>	<b>\$ (2,254,091)</b>	<b>\$ (8,117,935)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.09%</b>	<b>10.55%</b>	<b>12.68%</b>	<b>10.59%</b>	<b>12.65%</b>	<b>13.82%</b>	<b>13.27%</b>	<b>10.91%</b>	<b>11.89%</b>	<b>10.61%</b>

Table 5

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

Fiscal Year	Real Estate (1)	Personal Property	Public Service Companies (2)	Total
2024	\$ 1,548,669,822	\$ 322,432,856	\$ 489,758,699	\$ 2,360,861,377
2023	1,545,412,325	352,746,790	455,185,938	2,353,345,053
2022	1,534,244,397	273,262,562	401,588,898	2,209,095,857
2021	1,532,313,146	209,112,178	446,724,094	2,188,149,418
2020	1,420,931,260	418,732,569	178,668,937	2,018,332,766
2019	1,411,606,660	416,103,125	159,999,308	1,987,709,093
2018	1,404,431,009	404,465,636	162,591,936	1,971,488,581
2017	1,400,794,341	388,325,907	154,952,331	1,944,072,579
2016	1,390,638,146	379,128,098	144,137,642	1,913,903,886
2015	1,398,811,514	384,132,517	136,867,929	1,919,811,960

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

(2) Assessed by the State Corporation Commission.

Table 6

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Interstate Commerce
2024	\$ 0.74	\$ 2.30	\$ 1.55	\$ 0.40	\$ 1.55
2023	0.74	2.30	1.55	0.40	1.55
2022	0.74	2.30	1.55	0.40	1.55
2021	0.74	2.30	1.55	0.40	1.55
2020	0.74	2.30	1.55	0.40	1.55
2019	0.74	2.30	1.55	0.40	1.55
2018	0.74	2.30	1.55	0.40	1.55
2017	0.74	2.30	1.55	0.40	1.55
2016	0.74	2.30	1.55	0.40	1.55
2015	0.74	2.30	1.55	0.40	1.55

(1) Per \$100 of assessed value.



Table 7

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2024	\$ 23,343,230	\$ 21,758,136	93.21%	\$ 1,335,275	\$ 23,093,411	98.93%	\$ 3,386,158	14.51%
2023	23,656,550	22,118,646	93.50%	1,389,536	23,508,182	99.37%	3,576,515	15.12%
2022	21,768,672	20,582,270	94.55%	1,230,260	21,812,530	100.20%	3,526,411	16.20%
2021	21,091,719	19,954,873	94.61%	1,348,545	21,303,418	101.00%	3,868,838	18.34%
2020	19,609,448	18,470,193	94.19%	1,174,643	19,644,836	100.18%	4,073,510	20.77%
2019	19,257,511	18,080,830	93.89%	1,080,552	19,161,382	99.50%	4,268,180	22.16%
2018	19,036,228	17,522,360	92.05%	917,454	18,439,814	96.87%	4,577,264	24.05%
2017	18,780,259	17,638,468	93.92%	758,265	18,396,733	97.96%	4,379,621	23.32%
2016	18,454,479	17,359,495	94.07%	1,201,066	18,560,561	100.57%	4,093,425	22.18%
2015	18,517,112	15,175,265	81.95%	815,738	15,991,003	86.36%	4,430,581	23.93%

(1) Exclusive of penalties and interest.

Levy includes amounts collectible from the State under the PPTRA program and motor vehicle license fees  
Collections in 2016 include PPTRA revenue and motor vehicle license fee collections.

Table 8

**County of Smyth, Virginia**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds										Other		Business-type		Total Debt	
	Governmental		Business-type		Total		Governmental		Per		Revenue		Total			
	General		General		General		Activities Debt		Capita		Bonds		Government			
	Obligation Bonds		Obligation Bonds		Obligation Bonds											
2024	\$ 48,256,306	\$ 3,523,862	\$ 51,780,168	\$ 1,667	\$ 5,058,867	\$ 4,185,077	\$ 61,024,112	\$ 2,048								
2023	38,371,046	3,610,260	41,981,306	1,352	6,616,800	4,719,234	53,317,340	1,759								
2022	30,012,994	3,695,176	33,708,170	1,085	6,616,800	5,251,850	45,576,820	1,467								
2021	28,571,382	3,776,708	32,348,090	1,041	8,672,477	5,777,606	46,798,173	1,507								
2020	29,887,360	3,851,670	33,739,030	1,086	9,913,154	6,296,323	49,948,507	1,608								
2019	31,198,127	3,894,259	35,092,386	1,130	10,215,831	6,807,069	52,115,286	1,678								
2018	32,675,976	3,939,926	36,615,902	1,179	11,495,508	7,318,465	55,429,875	1,784								
2017	34,211,950	1,935,674	36,147,624	1,122	13,583,009	7,824,343	57,554,976	1,787								
2016	36,668,901	1,973,759	38,642,660	1,200	10,714,862	8,331,661	57,689,183	1,791								
2015	36,267,379	5,065,234	41,332,613	1,283	11,018,539	5,395,000	57,746,152	1,793								

Table 9

**County of Smyth, Virginia**  
**Population**  
**Last Ten Fiscal Years**

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Fiscal Year	Population
2024	29,449
2023	29,449
2022	29,477
2021	29,800
2020	31,062
2019	31,062
2018	31,062
2017	31,062
2016	32,208
2015	32,208

Source: United States Bureau of Census

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## COMPLIANCE SECTION

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**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***

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**To the Honorable Members of the Board of Supervisors  
County of Smyth, Virginia  
Marion, 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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Smyth, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County of Smyth, Virginia's basic financial statements and have issued our report thereon dated November 22, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Smyth, Virginia's control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Smyth, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Smyth, Virginia's 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 identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Smyth, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-002.

## County of Smyth, Virginia's Response to Findings

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

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Jarmon, Cox, Associates*

Blacksburg, Virginia

November 22, 2024



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

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**To the Honorable Members of the Board of Supervisors  
County of Smyth, Virginia  
Marion, Virginia**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited County of Smyth, 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 Smyth, Virginia's major federal programs for the year ended June 30, 2024. County of Smyth, 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 Smyth, Virginia complied, in all material respects, with the 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, 2024.

***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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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.

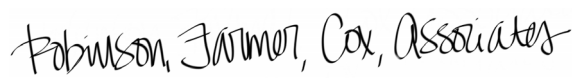
#### **Report on Internal Control over Compliance**

*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.

  
Blacksburg, Virginia  
November 22, 2024



COUNTY OF SMYTH, VIRGINIA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE:</b>			
Pass through payments from:			
<i>Virginia Department of Social Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010123/ 0010124	\$ 720,640
<i>Virginia Department of Education:</i>			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE438410000	89,908
Child Nutrition Cluster:			
School Breakfast Program	10.553	APE402530000	\$ 798,258
<i>Department of Education:</i>			
Fresh Fruit and Vegetable Program	10.582	APE402520000	128,638
Summer Food Service Program for Children	10.559	APE603020000; APE603030000	\$ 92,904
National School Lunch Program	10.555	APE402540000; APE411080000	1,918,544
<i>State Department of Agriculture:</i>			
Food Distribution-Schools (Note C)	10.555	not applicable	\$ 165,816
Summer Food Service Program for Children	10.559	not applicable	476
Pandemic Electronic Benefit Transfer Administrative Costs	10.649	DOE865560000	3,256
Child and Adult Care Food Program	10.558	APE700270000; APE700280000	21,951
Total Department of Agriculture			<u>\$ 3,940,391</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Pass through payments from:			
<i>Virginia Department of Social Services:</i>			
Temporary Assistance for Needy Families	93.558	0400123/ 0400124	\$ 434,731
Guardianship Assistance	93.090	1110123/ 1110124	5,387
MaryLee Allen Promoting Safe and Stable Families	93.556	0950122/ 0950123	5,426
Title IV-E Kinship Navigator Program	93.471	unavailable	49,069
Title IV-E Prevention Program	93.472	1140123/ 1140124	32,548
Refugee and Entrant Assistance - State/ Replacement Designee Administered Programs	93.566	0500123/ 0500124	1,972
Low Income Home Energy Assistance	93.568	0600423/ 0600424	101,879
Social Services Block Grant	93.667	1000123/ 1000124	550,821
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122/ 9150123	4,094
Elder Abuse Prevention Interventions Program	93.747	8000221/ 8000321	5,604
Children's Health Insurance Program	93.767	0540123 / 0540124	6,621
Medicaid Cluster:			
Medical Assistance Program	93.778	1200123 / 1200124	575,288
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122 / 0900123	394
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760123 / 0760124	95,108
Foster Care - Title IV E	93.658	1100123 / 1100124	351,834
Adoption Assistance	93.659	1120123 / 1120124	602,144
Adoption and Legal Guardianship Incentive Payments	93.603	1130120 / 1130122	2,013
<i>Virginia Department of Education:</i>			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	unknown	89,281
Total Department of Health and Human Services			<u>\$ 2,914,214</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>			
Pass through payments from:			
<i>Virginia Department of Motor Vehicles:</i>			
Highway Safety Cluster:			
		BPT-2024-54082-24082 / 402 NHTSA	
State and Community Highway Safety	20.600	Police Traffic Services BIL	\$ 9,166
National Priority Safety Programs	20.616	FM6OT-2023-53157-23157	5,745
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54049-24049	8,475
Total Department of Transportation			<u>\$ 23,386</u>
<b>DEPARTMENT OF TREASURY:</b>			
Direct payments:			
Local Assistance and Tribal Consistency Fund	21.032	not applicable	\$ 242,901
Pass through payments from:			
<i>Virginia Department of Social Services:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	\$ 8,083
<i>Virginia Department of Housing and Community Development:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	35,000
<i>Virginia Department of Criminal Justice:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	540,770
<i>Virginia Department of Education:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE452770000	553,120
Total Department of Treasury			<u>\$ 1,379,874</u>
<b>DEPARTMENT OF JUSTICE:</b>			
Pass through payments from:			
<i>Virginia Department of Criminal Justice</i>			
Crime Victim Assistance	16.575	2020V2GX0048	\$ 61,643
Edward Byrne Memorial Justice Assistance Act Grant Program	16.738	JA22GG00616MUMU / 15PBJA23GG03038MUMU	2,761
Total Department of Justice			<u>\$ 64,404</u>

COUNTY OF SMYTH, VIRGINIA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF EDUCATION:</b>			
Pass through payments from:			
<i>Virginia Department of Education:</i>			
Career and Technical Education -- Basic Grants to States	84.048	APE600310000; APE600311005	\$ 121,316
Supporting Effective Instruction State Grants	84.367	APE614800000	204,769
Title I Grants to Local Educational Agencies	84.010	APE429010000	1,789,933
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	APE430710000	\$ 1,211,460
Special Education - Preschool Grants	84.173	APE625210000	57,009
		APE501930000; APE411120000;	1,268,469
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	APE501830000	\$ 3,996,241
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	APE501950000	200,563
Rural Education	84.358	APE434810000	87,415
Student Support and Academic Enrichment Program	84.424	APE602810000	103,415
Total Department of Education			<u>\$ 7,772,121</u>
Total Expenditures of Federal Awards			<u>\$ 16,094,390</u>

**Notes to Schedule of Expenditures of Federal Awards**

**Note A--Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Smyth, Virginia under programs of the federal government for the year ended June 30, 2024. The information in the 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 of Smyth, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Smyth, Virginia.

**Note B--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 OMB's Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity identifying number 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 C--Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**Note D--Outstanding Balance of Federal Loans**

The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

**Note E--Subrecipients**

The County did not have any subrecipients for the year ended June 30, 2024.

**Note F--Donated Items**

The County did not receive any donated items during the year.

**Note G--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 - Intergovernmental**

Less: Revenue from the Commonwealth

Less: Payment in Lieu of Taxes

Less: QSCB interest subsidy

**Component Unit School Board:**

**School Operating Fund - Intergovernmental**

Less: Revenue from local governments

Less: Revenue from the Commonwealth

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$	18,223,855
	(13,049,491)
	(253,544)
	(460,703)
	63,727,640
	(10,164,617)
	(41,928,750)
<u>\$</u>	<u>16,094,390</u>

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

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**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:

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

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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Summary Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024 (Continued)

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**Section II - Financial Statement Findings**

<b>2024-001</b>	<b>Material Weakness</b>
Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	Material adjustments were proposed as a result of audit procedures performed for the County's and School Board's trial balances.
Cause:	The closing process did not accurately find and correct adjustments needed for financial
Effect:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial
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.
<b>2024-002</b>	<b>Compliance</b>
Criteria:	The Code of Virginia, (1950), as amended requires that an appropriation exists prior to the expenditure of funds.
Condition:	Various departments in the General Fund and the Water and Sewer Fund overspent the appropriated budget.
Cause:	Additional appropriations were not made to account for the additional expenditures made throughout the year.
Effect:	The County has not met the requirements of the Code of Virginia, (1950), as amended.
Recommendation:	The County's final budget should include appropriations for all expenditures and the budget in the ledger should be updated to reflect all appropriations.
Management's Response:	The County Administrator and Finance Director will work with department heads to ensure that the budget for their department includes all expected expenditures. Care will be taken to ensure that all supplemental appropriations are entered in the system.

**Section III - Federal Award Findings and Questioned Costs**

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

County of Smyth, Virginia

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2024

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**2023-001**

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Condition: Material adjustments were proposed as a result of audit procedures performed for the County's and School Board's trial balances.

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.

Current Status: Finding 2023-001 was repeated in the current year as 2024-001.